

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input checked="" type="checkbox"/> City <input type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name City of Burton	County Genesee
Fiscal Year End 06/30/06	Opinion Date 10/11/06	Date Audit Report Submitted to State	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).


YES NO

Check each applicable box below. (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☒ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☐ ☒ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☒ ☐ The local unit is free of repeated comments from previous years.
12. ☒ ☐ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)		
Financial Statements	<input checked="" type="checkbox"/>			
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>			
Other (Describe)	<input type="checkbox"/>			
Certified Public Accountant (Firm Name) Plante & Moran, PLLC		Telephone Number 810-767-5350		
Street Address 111 E Court Street, Suite 1A		City Flint	State MI	Zip 48502
Authorizing CPA Signature 		Printed Name Tadd Harburn		License Number 1101014134

Comprehensive Annual Financial Report

City of Burton, Michigan

June 30, 2006

**Prepared By:
Controller's Department**

**Comprehensive Annual Financial Report
City of Burton, Michigan
Year Ended June 30, 2006**

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June 30, 2006
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City of Burton, Michigan
List of Elected and Appointed Officials

Elected Officials

Charles H. Smiley.....	Mayor
Charles Cross.....	City Council - President
Jamie Curtis.....	City Council - Vice President
Robert Bement.....	City Council - Member
Christina Conley.....	City Council - Member
Gary Isham.....	City Council - Member
Laurie Tinnin.....	City Council - Member
Danny Wells.....	City Council - Member

Appointed Officials

Iris Piske.....	Treasurer
Gayle Webster.....	Clerk
Diane Heidenberger.....	Assessor
Douglas Halstead.....	Fire Chief
Bruce Whitman.....	Police Chief



City of Burton

4303 S. Center Road
Burton, Michigan 48519
Phone (810) 743-1500
Fax (810) 743-5060
www.burtonmi.us

October 11, 2006

Charles H. Smiley
Mayor

Diane Heidenberger
Assessor

Doug Halstead
Chief, Fire & Rescue

Bruce Whitman
Chief, Police

Gayle K. Webster
City Clerk

Iris Piske
Treasurer

Dennis Lacey
Assistant Chief
Fire & Rescue

Karen D. Foster
Controller

Charles G. Abbey
Director
Public Works

Gregory A. Kray
Deputy Director
Public Works

Mark S. Udell
Information Technology
Director

Liz Moss
Purchasing Agent

Jean Johnson
Senior Center Director
(810) 744-0960

To the Honorable Members of the Burton City Council and
Citizens of the City of Burton:

State law requires that all general-purpose local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the City of Burton for the fiscal year ended June 30, 2006.

This report consists of management's representations concerning the finances of the City of Burton. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City of Burton has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City of Burton's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City of Burton's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material aspects.

Plante & Moran, PLLC, a firm of licensed certified public accountants have audited the City of Burton's financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Burton for the fiscal year ended June 30, 2006, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by

C-1

management; and evaluating the overall financial statement presentation. Based upon the audit the independent auditor concluded that there was a reasonable basis for rendering an unqualified ("clean") opinion that the City of Burton's financial statements for the fiscal year ended June 30, 2006, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report. GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of the Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City of Burton's MD&A can be found immediately following the report of the independent auditors.

Profile of the Government

The City of Burton, incorporated in 1972, is located in southeastern Genesee County, approximately 60 miles north of Detroit. The City of Burton occupies a land area of 23.5 square miles and serves a resident population of 30,308 with full municipal services. The City of Burton is empowered to levy a property tax on both real and personal property located within its boundaries.

The City of Burton has operated under the strong mayor-council form of government since 1972. Policy-making and legislative authority are vested in a government council consisting of seven council members. The governing council is responsible, among other things, for passing ordinances, adopting the budget, appointing citizen advisory committees, and hiring both the government's auditor and attorney. The government's mayor is responsible for carrying out the policies and ordinances of the governing council, for overseeing the day-to-day operations of the government, and appointing the city charter required administrative officers. The council is elected on a non-partisan at large basis and serves four-year staggered terms. Four council members are elected in one election cycle and three in the other election cycle. The mayor is elected on a non-partisan at large basis and serves a four-year term.

The City of Burton provides a full range of municipal services, including police and fire protection; construction and maintenance of streets, sanitation, water and sewer utilities, assessing, building inspection and code enforcement, recreational activities and events, and a Senior Citizen Activity Center.

The Council is required to adopt a final budget for the ensuing year no later than the second Monday in June. This annual budget serves as the foundation for the City of Burton's financial planning and control. The budget is prepared by fund, function (e.g., public safety), and department (e.g., council). Department heads may make transfers of appropriations within a department. Transfers of appropriations between departments or from unappropriated funds, however, require the special approval of the City Council.

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City of Burton operates.

Local economy

Many of Burton's residents work in the Flint metropolitan area and as a result are greatly impacted by the broader economic conditions of Genesee County. The Flint metropolitan area unemployment rate increased from 6.9% in June 2005 to 7.7% in June 2006. The unemployment rate in this area is at, or near the highest in the State of Michigan.

Vehicle related production makes up the largest share of manufacturing employment in the county. Employment at General Motors, SPO, and Delphi facilities has decreased significantly in recent years. It will be the job of leaders from the public and private sectors to work closely with these employers to explore new product lines and new opportunities.

In spite of these factors the City of Burton and Genesee County provides a strong economic base for development through an outstanding infrastructure of educational, health care and recreational facilities. Also, the availability of an excellent transportation network and all necessary public utilities add to the economic base of this area. Economic growth in Burton has continued despite the unfavorable conditions, with many national and regional retailers locating within the City over the last ten years.

Long-term financial planning

The City of Burton uses a Capital Improvements plan to identify short and long-range capital purchases required to maintain all of the basic, as well as complex, services that are available to the public through traditional financing mechanisms. This plan is formulated and updated during preliminary budget discussions between the Mayor and the Administrators and/or Department Heads it impacts. Capital purchases are identified based upon a perceived need. These items are then placed into the plan with a date that identifies when the item is to be completed, the estimated cost of the item, and potential financing sources. The identified purchases and corresponding completion dates must also be coordinated with the pressures of lost revenues and unfunded federal mandates.

Relevant financial policies

The City of Burton's financial policies are largely dictated through provisions in the City Charter that dictate procedure of budget adoption, as well as ordinances that define purchasing policies. Many of the city's financial policies are also dictated through state law, which defines the amount and manner of revenue collection that the city receives by fund.

Significant portions of the budget expenditures are the result of payroll and related employee benefits, as well as post-employment benefits. The long-term cost of these items will need to be identified within the next few years as the direct result of mandated

accounting changes. These changes will require all units of government to account for post employment benefits that are currently being accrued, but are not identified as liabilities. The ability of governmental units to measure and meet the cost of long term financial commitments to their employees will likely influence future labor contracts, as well as help to establish administrative benefit guidelines relating to them.

Major Initiatives

The City of Burton is continuously expanding, commercially and residentially. We continue to support many service groups in our city, such as the Rotary, Kiwanis, Optimist Club and the Burton Clergy. Mayor Smiley has held two Focus Session meetings this year, one in October and another in November. These meetings were held for the purpose of permitting free exchange of ideas between the members of various service groups and parties indicating interest in activities of the City, members of local school districts and officials and other members. Both meetings were well attended. The City continues to thrive. We continue to put forth our best efforts to keep our residents and businesses here in the City of Burton.

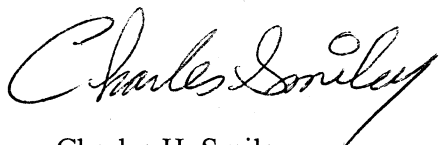
Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Burton for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2005. This was the twenty-second time, and the twentieth consecutive year, that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the government published and easily readable and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements.

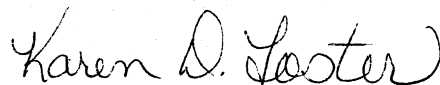
A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the Controller's Department. We would like to express our appreciation to all members of the department who assisted and contributed to the preparation of this report.

Respectfully submitted,



Charles H. Smiley
Mayor



Karen D. Foster
Controller

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Burton
Michigan

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2005

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



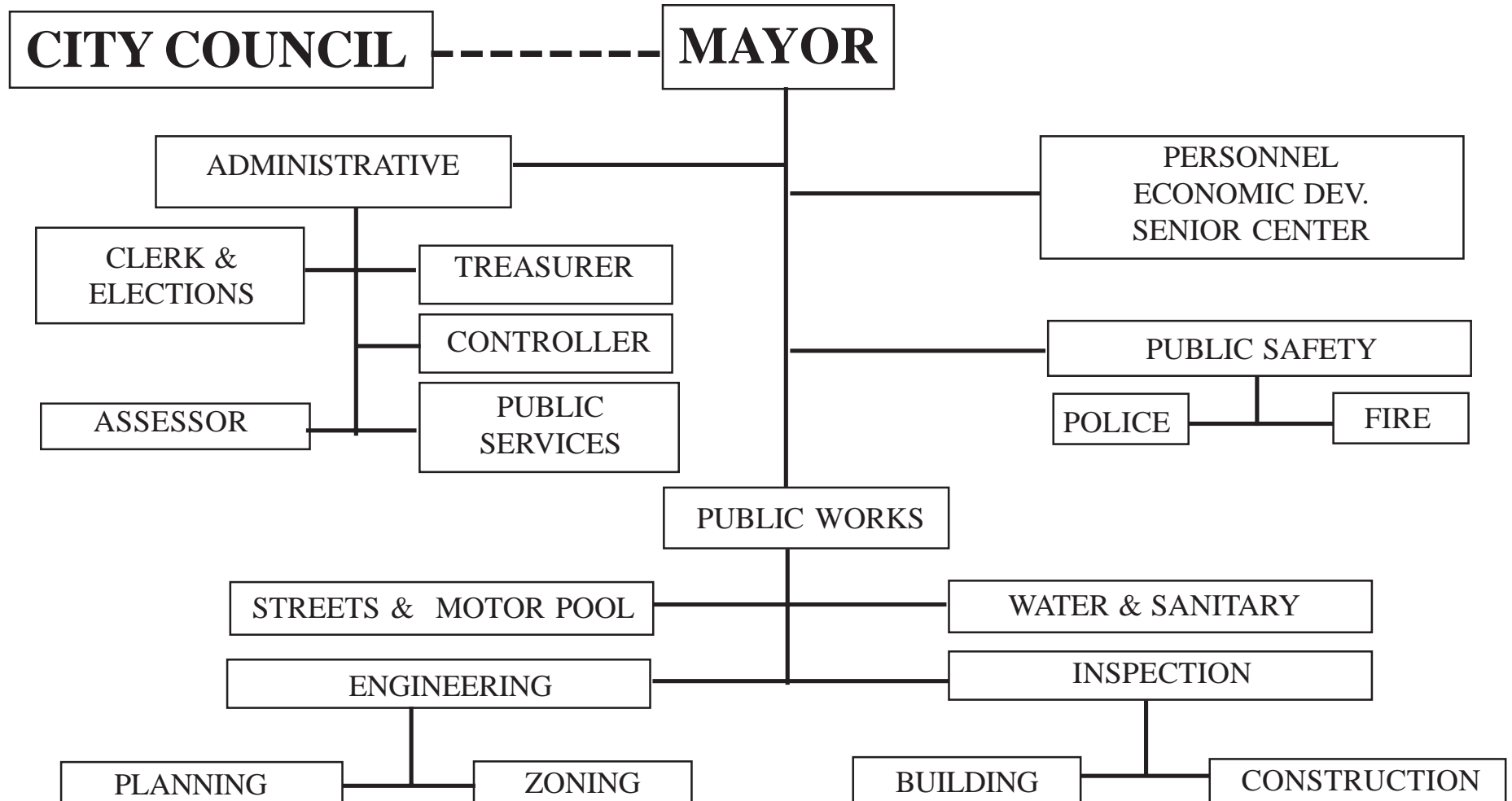
President

Executive Director

CITY OF BURTON

FUNCTIONAL ORGANIZATIONAL CHART

JUNE 30, 2006



Financial Section

Independent Auditors' Report

Honorable Mayor and Members
of the City Council
City of Burton
Burton, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Burton, Michigan, (City) as of and for the year ended June 30, 2006, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Burton, Michigan's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Burton, Michigan, as of June 30, 2006, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Burton, Michigan's basic financial statements. The management's discussion and analysis, and the budgetary comparison schedules as identified in the table of contents, are not a required part of the basic financial statements but are supplemental information required by the Governmental Accounting Standards Board. The introductory section, other supplemental information, and statistical section as identified in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The budgetary comparison schedules, combining balance sheets and combining statements of revenue, expenditures and changes in fund balance and capital asset and debt service schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and in our opinion is fairly stated in all material respects in relation to the basic financial statements taken as a whole. We have applied certain limited procedures to the management's discussion and analysis, which consisted principally of inquiries

of management regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it. The Introductory section and statistical section have not been subjected to the auditing procedures applied by us in the audit of the basic financial statements and , accordingly, we express no opinion on them.

In accordance with Government Auditing Standards, we have also issued our report dated October 11, 2006 on our consideration of the City of Burton's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide opinions on the internal control over financial reporting and compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Plante & Moran, PLLC

October 11, 2006

Management's Discussion and Analysis

Management's Discussion and Analysis

This narrative section of the City of Burton's annual financial report provides discussion and analysis of the City's financial activities for the fiscal year ended June 30, 2006. This insight should be read to further enhance the understanding of the City's financial statements, which follows this section.

This analysis and discussion are part of the new accounting requirements and include comparative data from the different funds and activities of the City as well as current year and prior year comparisons.

Financial Highlights

- ❖ The total assets for the City of Burton are \$103,115,890 comprised of \$71,647,021 in capital assets and \$31,468,869 in other assets. Total liabilities are \$17,699,315 comprised of \$13,934,863 in long-term debt and \$2,250,283 in other debt.
- ❖ The total net assets for the City are \$85,416,575. Of this amount, \$26,458,381 is unrestricted and available for any city activity. The net assets increased \$1,372,540 from the prior year; \$432,010 from governmental activities and \$940,530 from business-type activities.
- ❖ Revenues including taxes, other revenues and net other financing sources for the Primary Government's Governmental funds amounted to \$15,783,599. Expenditures of \$15,291,776 under revenues and other sources by \$491,823 mainly due to early pay offs of special assessments.
- ❖ The combined fund balance at June 30, 2006 for the City's governmental funds was \$11,117,571. This was an increase of \$491,823 from the prior year.
- ❖ General Fund revenues exceeded expenditures and other sources by \$204,374, causing the General Fund's fund balance to increase accordingly to stand at \$2,079,609.

Overview of the Financial Statements

This discussion constitutes the first section or introduction to the financial statements, which includes three parts. They are government-wide financial statements, the fund financial statements, and the notes to the financial statements. In addition to the financial statements, other supplementary information is also provided.

- ❖ The government-wide financial statements provide a broad overview of the City of Burton financial status for both the long-term and short-term.
 - The statement of net assets and statement of activities focus on the overall financial health indicators of the City. Those indicators are further categorized as either governmental activities that are primarily supported by taxes and intergovernmental revenues or business type activities which are supported by user fees and charges.
 - Burton's governmental activities include such areas as general government, public safety, highways, and streets. The business-type activities include water and sewer.
- ❖ The remaining statements are fund financial statements that focus on individual segments of the City. They are narrower in scope and provide more detail than the government-wide statements.
 - Governmental funds such as the general fund and the major and local street funds focus on the financing of these areas in the short term and what remains for future spending.
 - Proprietary fund statements represent the City's water and sewer funds and show how these activities operate like businesses.
 - Fiduciary fund statements provide information about financial relationships, such as the retirement plan for certain City employees, where the City administers the fund for the benefit of others who have ownership to the assets.

Notes to the financial statements are also included to further explain some of the financial statements and provide more detailed data.

The final sections include other information. The required supplemental information would include such items as the City of Burton's progress in funding its pension obligations and budgetary compliance of major funds with adopted budgets. In addition, other discretionary information about the City has been provided that should further enhance the understanding of its operations.

Table 1 summarizes the major features of the City's financial statements, including the portion of the City government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

**Table 1 Major Features of the City of Burton, Michigan's
Government-wide and Fund Financial Statements
Fund Statements**

Type of Statements	<u>Government-wide</u>	<u>Governmental Funds</u>	<u>Proprietary Funds</u>	<u>Fiduciary Funds</u>
Scope	Entire City government (except fiduciary funds) and the City's component units	The activities of the City that are not proprietary or fiduciary, such as police, major/local streets	Activities the City operates similar to private businesses: the water and sewer system	Instances in which the City is the trustee or agent for someone else's resources, such as the retirement plan for some City employees
Required financial statements	<ul style="list-style-type: none"> • Statement of net assets • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net assets • Statement of revenues, expenses and changes in fund net assets • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net assets • Statement of changes in fiduciary net assets
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter, no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term, the City's funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year, expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid	All revenues and expenses during year, regardless of when cash is received or paid

Government-wide Financial Analysis

The following table shows, in a condensed format, the net assets as of the current date and compared to the prior year (in thousands of dollars):

	Governmental Activities		Business-type Activities		Total	
	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>
Current assets	\$ 19,758	\$ 18,681	\$ 12,145	\$ 12,788	\$ 31,903	\$ 31,469
Noncurrent assets	28,683	28,029	43,500	43,618	72,183	71,647
Total assets	48,441	46,710	55,645	56,406	104,086	103,116
Current liabilities	3,194	2,897	807	702	4,001	3,599
Long-term liabilities	13,816	11,950	2,225	2,150	16,041	14,100
Total liabilities	17,010	14,847	3,032	2,852	20,042	17,699
Net assets:						
Invested in capital assets - net of related debt	12,840	14,207	41,200	41,393	54,040	55,600
Restricted	15,477	3,358	-	-	15,477	3,358
Unrestricted (deficit)	3,114	14,298	11,413	12,161	14,527	26,459
Total net assets	\$ 31,431	\$ 31,863	\$ 52,613	\$ 53,554	\$ 84,044	\$ 85,417

Changes in Net Assets:

As mentioned earlier, net assets provide useful benchmarks in determining overall financial position. Net assets – the difference between the City’s assets and liabilities – is one way to measure the City’s financial health or position. The City of Burton’s combined net assets are \$85,416,575. This compares to last year’s total of \$84,044,035 which was an increase of \$1,372,540. This increase was due to aggregate governmental activity expenditures being held below revenue sources, as well as excess revenues over expenses for the Water and Sewer business-type activity funds.

Further review of the City’s net assets indicates that they are divided into three parts. The largest part, \$55,600,394 (65 %) is the investment in capital assets (land, buildings, machinery and equipment, and infrastructure) net of related debt which cannot be readily liquidated or available for future spending. The second part is restricted assets (\$3,357,800 or 4 %), which can be used strictly for certain purposes, such as street improvements and debt service. Finally, the last part is unrestricted assets totaling \$26,458,381, which can be used for ongoing obligations or new activities.

The following table shows the changes of the net assets during the current year and as compared to the prior year:

	<u>2005</u>	<u>2006</u>
Governmental Activities:		
Program revenues:		
Charges for services	\$ 4,916,403	\$ 3,300,173
Operating grants	3,578,668	3,166,982
Capital grants	15,165	148,046
General revenues:		
Property taxes	4,292,604	4,421,288
State shared revenue	2,674,385	2,644,622
Unrestricted grants and contributions	410,776	282,392
Unrestricted investment earnings	595,085	763,127
Gain on disposal of capital assets	9,627	38,652
Total revenues	16,492,713	14,765,282

	<u>2005</u>	<u>2006</u>
Program expenses:		
General government	1,945,352	2,108,742
Public service	1,754,456	1,982,019
Public safety	6,035,319	5,624,006
Public works	2,749,461	3,793,648
Parks and recreation	69,319	96,359
Planning	90,087	78,018
Interest on debt	661,562	598,768
Total expenses	<u>13,305,556</u>	<u>14,281,560</u>
Increase in net assets before transfers	3,187,157	483,722
Transfers	<u>(962,052)</u>	<u>(51,712)</u>
Change in net assets	<u>\$ 2,225,105</u>	<u>\$ 432,010</u>

	<u>2005</u>	<u>2006</u>
Business-Type Activities:		
Program revenues:		
Charges for services	\$3,248,140	\$5,375,830
Capital grants and contributions	596,236	968,395
General revenues:		
Investment earnings	218,936	451,615
Gain on disposal of capital assets	19,637	-
Transfers	962,052	51,712
Total revenues	<u>5,045,001</u>	<u>6,847,552</u>
Program expense:		
Water	2,883,406	2,889,527
Sewer	1,122,146	3,017,495
Total expenses	<u>4,005,552</u>	<u>5,907,022</u>
Change in net assets	<u>\$1,039,449</u>	<u>\$940,530</u>

In 2006, the increase in net assets is due mainly to customer capital contributions received and revenues over expenses.

Financial Analysis of the City's Funds

The City ended the fiscal year with a total governmental funds fund balance of \$11,117,571. This was an increase of \$491,823 over last year's fund balance of \$10,625,748.

The City of Burton General Fund fund balance increased by \$204,374 to \$2,079,609.

General Fund's revenues came in approximately \$205,000 more than budgeted. This increase was due to increase in federal grant revenues and an increase in fines and forfeits, which is interest and penalties related to collection of taxes.

General Fund's expenditures came in approximately \$388,576 less than budgeted. This is due to fringe benefits across departments below budget.

There were no significant variances between the original and amended budgets for the General Fund.

The City's total governmental fund revenues and net other financing sources amounted to \$15,783,599. Property taxes and assessments comprised \$5,956,645 or 38%, intergovernmental (federal, state, and local) revenues amounted to \$6,092,008 or 39%, and all other revenue types amounted to \$3,734,946 or 23% of total governmental revenues.

Total governmental expenditures amounted to \$15,291,7760 or 10% decrease over 2005.

The City has \$3.4 million in fund balance reserved for major and local streets. Major and Local Street expenditures increased \$503,734 or 21% in 2006 due to many new road construction projects.

Police Fund expenditures increased \$303,481 due to increases in vehicle repairs, capital outlay, salaries and fringe benefit costs and information technology services.

All other nonmajor governmental funds have a total of \$4.8 million in combined fund balance mainly reserved for debt service and capital projects.

Capital Asset and Debt Administration

At June 30, 2006, the City of Burton's investment in capital assets for the governmental activities amounted to \$14,207,079 (net of depreciation) and business-type activities amounted to \$41,393,315 (net of depreciation). The investment in capital assets covers a broad variety of buildings, machinery, equipment, roads, highways, bridges, and box culverts.

Additional information regarding the City's capital assets can be found in note III.A.3 in notes to the financial statements.

Long-Term Debt

At June 30, 2006, the City had \$13,960,146 in long-term debt outstanding for governmental activities and \$2,225,000 in bonds outstanding for business-type activities. The annual debt service requirement was \$2,397,566 which was a \$270,413 decrease from the previous year of \$2,667,979.

The City of Burton's limited tax special assessment bonds and water and sewer revenue bond issues both received A- bond ratings from Standard & Poor's. Transportation fund bonds issued by the City received an AA rating.

Additional information regarding the City's long-term debt can be found in Note III A. 6 of Notes to the Financial Statements.

Economic Factors and Next Year's Budgets and Rates

As provided in the State of Michigan Truth in Taxation Act, the City's state equalized value can not increase beyond the cost of living index, except for new construction. Property taxes represent 28% of total governmental activities revenue.

Information Requests

This financial report is designed to provide the citizens, taxpayers, customers, investors, and creditors a general overview of the City's finances and provide further accountability of the financial transactions that take place. If you have questions about this report or need additional financial information, please contact the City of Burton Controller's Department, 4303 South Center Road, Burton, MI 48519.

Basic Financial Statements

Government-Wide Financial Statements

City of Burton
Statement of Net Assets
June 30, 2006

Primary Government

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	\$ 8,909,996	\$ 10,513,741	\$ 19,423,737
Investments	993,831	-	993,831
Receivables (net of allowances for uncollectibles)	6,761,908	1,852,747	8,614,655
Due from other governmental unit:	1,385,991	-	1,385,991
Internal balances	66,447	(66,447)	-
Unamortized bond discoun	-	23,622	23,622
Inventory	108,457	175,244	283,701
Prepaid items	445,906	-	445,906
Restricted assets:			
Cash and cash equivalents	8,631	288,794	297,425
Capital assets non depreciated	167,809	400,137	567,946
Capital assets (net of accumulated depreciation)	27,860,897	43,218,178	71,079,075
Total assets	46,709,873	56,406,016	103,115,889
Liabilities			
Accounts payable	310,340	158,585	468,925
Accrued liabilities	288,748	25,907	314,655
Deposits	279,285	-	279,285
Due to other governmental unit:	-	442,672	442,672
Unearned revenue	8,631	-	8,631
Noncurrent liabilities			
Current portion of debt	2,010,283	75,000	2,085,283
Long term portion of debt	11,949,863	2,150,000	14,099,863
Total liabilities	14,847,150	2,852,164	17,699,314
Net Assets			
Invested in capital assets, net of related debt	14,207,079	41,393,315	55,600,394
Restricted for:			
Highways and streets	3,357,800	-	3,357,800
Unrestricted	14,297,844	12,160,537	26,458,381
Total net assets	\$ 31,862,723	\$ 53,553,852	\$ 85,416,575

The notes to financial statements are an integral part of this statement.

Component Units	
<u>Downtown Development Authority</u>	<u>Economic Development Corporation</u>
\$ 147,492	\$ 3,732
-	-
-	-
-	-
-	-
-	-
-	-
-	-
-	-
-	-
147,492	3,732
1,925	-
-	-
-	-
-	-
-	-
-	-
-	-
1,925	-
-	-
-	-
145,567	3,732
\$ 145,567	\$ 3,732

City of Burton
Statement of Activities
For the Year Ended June 30, 2006

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government				
Governmental activities				
General government	\$ 2,108,742	\$ 734,072	\$ 14,818	\$ 68,141
Public service	1,982,019	1,598,035	-	-
Public safety	5,624,006	632,536	181,860	79,905
Public works	3,793,648	335,530	2,730,313	-
Parks and recreation	96,359	-	239,991	-
Planning	78,018	-	-	-
Interest on long term debt	598,768	-	-	-
Total governmental activities	14,281,560	3,300,173	3,166,982	148,046
Business-type activities				
Water	2,889,527	2,671,659	-	767,173
Sewer	3,017,495	2,704,171	-	201,222
Total business-type activities	5,907,022	5,375,830	-	968,395
Total primary government	\$ 20,188,582	\$ 8,676,003	\$ 3,166,982	\$ 1,116,441
Component units				
Economic development corporation	\$ 10	\$ -	\$ -	\$ -
Downtown development authority	29,394	-	-	-
Total component units	\$ 29,404	\$ - 0 -	\$ - 0 -	\$ - 0 -

General revenues
Property taxes
Unrestricted state shared revenues
Grants and contributions not restricted to specific programs
Unrestricted investment earnings
Gain on disposal of capital assets
Transfers
Total general revenues and transfers
Change in net assets
Net assets - beginning of year
Net assets - end of year

The notes to financial statements are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Asset				
Primary Government			Component Units	
Governmental Activities	Business-type Activities	Total	Downtown Development Authority	Economic Development Corporation
\$ (1,291,711)	\$ -	\$ (1,291,711)	\$ -	\$ -
(383,984)	-	(383,984)	-	-
(4,729,705)	-	(4,729,705)	-	-
(727,805)	-	(727,805)	-	-
143,632	-	143,632	-	-
(78,018)	-	(78,018)	-	-
(598,768)	-	(598,768)	-	-
(7,666,359)	-	(7,666,359)	-	-
-	549,305	549,305	-	-
-	(112,102)	(112,102)	-	-
-	437,203	437,203	-	-
(7,666,359)	437,203	(7,229,156)	-	-
-	-	-	-	(10)
-	-	-	(29,394)	-
-	-	-	(29,394)	(10)
4,421,288	-	4,421,288	34,500	-
2,644,622	-	2,644,622	603	-
282,392	-	282,392	-	-
763,127	451,615	1,214,742	1,161	21
38,652	-	38,652	-	-
(51,712)	51,712	-	-	-
8,098,369	503,327	8,601,696	36,264	21
432,010	940,530	1,372,540	6,870	11
31,430,713	52,613,322	84,044,035	138,697	3,721
\$ 31,862,723	\$ 53,553,852	\$ 85,416,575	\$ 145,567	\$ 3,732

Fund Financial Statements

**City of Burton
Balance Sheet
Governmental Fund:
June 30, 2006**

	General	Major Street	Local Street
Assets			
Cash and cash equivalents	\$ 791,414	\$ 1,691,547	\$ 1,530,810
Investments	-	-	-
Receivables (net of allowance: for uncollectibles):			
Accounts	467,350	-	9,108
Special assessments	-	-	-
Accrued interest	-	5,234	5,938
Due from:			
Other funds	235,926	-	81,589
Other governments	861,024	366,021	91,130
Inventory	-	-	-
Prepaid items	445,906	-	-
Cash - restricted	-	-	-
	<hr/>	<hr/>	<hr/>
Total assets	\$ 2,801,620	\$ 2,062,802	\$ 1,718,575
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Liabilities			
Accounts payable	\$ 64,469	\$ 53,067	\$ 12,269
Accrued liabilities	62,266	11,748	13,391
Deposits	279,285	-	-
Due to other funds	315,991	226,218	106,884
Deferred revenue	-	-	-
	<hr/>	<hr/>	<hr/>
Total liabilities	722,011	291,033	132,544
	<hr/>	<hr/>	<hr/>
Fund Balances			
Reserved:			
Inventory	-	-	-
Prepaid items	445,906	-	-
Unreserved:			
General fund	1,633,703	-	-
Special revenue funds	-	1,771,769	1,586,031
Debt service funds	-	-	-
Capital projects funds	-	-	-
	<hr/>	<hr/>	<hr/>
Total fund balances	2,079,609	1,771,769	1,586,031
	<hr/>	<hr/>	<hr/>
Total liabilities and fund balances	\$ 2,801,620	\$ 2,062,802	\$ 1,718,575
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The notes to financial statements are an integral part of this statement.

Police	P-03-01 Debt	P-04-01 Debt	P-04-02 Debt	Other Governmental Funds	Totals Governmental Funds
\$ 75,208	\$ 350,309	\$ 168,709	\$ 167,944	\$ 3,684,030	\$ 8,459,971
-	-	-	-	993,831	993,831
-	-	-	-	3,127	479,585
-	1,520,870	975,443	759,425	2,736,700	5,992,438
-	65,274	46,040	36,104	130,895	289,485
196,844	-	-	-	43,852	558,211
67,816	-	-	-	-	1,385,991
4,855	-	-	-	-	4,855
-	-	-	-	-	445,906
8,631	-	-	-	-	8,631
\$ 353,354	\$ 1,936,453	\$ 1,190,192	\$ 963,473	\$ 7,592,435	\$ 18,618,904
\$ 117,464	\$ -	\$ -	\$ 458	\$ 6,832	\$ 254,559
195,136	-	-	-	5,021	287,562
-	-	-	-	-	279,285
20,810	-	-	-	8,956	678,859
8,631	1,520,869	975,443	759,425	2,736,700	6,001,068
342,041	1,520,869	975,443	759,883	2,757,509	7,501,333
4,855	-	-	-	-	4,855
-	-	-	-	-	445,906
-	-	-	-	-	1,633,703
6,458	-	-	-	1,056,717	4,420,975
-	415,584	214,749	203,590	3,200,567	4,034,490
-	-	-	-	577,642	577,642
11,313	415,584	214,749	203,590	4,834,926	11,117,571
\$ 353,354	\$ 1,936,453	\$ 1,190,192	\$ 963,473	\$ 7,592,435	\$ 18,618,904

City of Burton
Reconciliation of Fund Balances as Reported in the Government
Balance Sheet to the Statement of Net Asset
June 30, 2006

Fund balances of governmental fund:	\$ 11,117,571
Amounts reported for governmental activities in the statement c net assets are different because:	
Capital assets used in governmental activities (exclusive of interna service funds) are not financial resources and, therefore, are not reported in the funds.	27,071,096
Internal service funds are used by management to charge th costs of fleet management, self insured health care, and technology t individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net asset:	1,418,465
Long-term liabilities (exclusive of internal service funds), including bor and contract payables, are not due and payable in the current perio and therefore are not reported in the funds	
-Bonds payable	(13,410,000)
-Capital leases payable	(188,327)
-Compensated absences	(138,519)
Special assessment revenues to be received in the future are recognize at the government wide level due to being measurable and earned	<u>5,992,437</u>
Net assets of governmental activitie:	<u><u>\$ 31,862,723</u></u>

The notes to financial statements are an integral part of this statement.

City of Burton
Statement of Revenues, Expenditures, and Changes in Fund Balances
All Governmental Fund:
For the Year Ended June 30, 2006

	General	Major Street	Local Street
Revenues:			
Taxes	\$ 3,280,386	\$ -	\$ -
Special assessments	-	-	-
Licenses and permits	289,725	-	-
Intergovernmental:			
Federal	82,959	79,593	-
State	2,619,250	2,045,542	598,117
Local	-	-	-
Charges for services	388,682	-	-
Fines and forfeits	187,636	-	-
Interest	67,585	71,246	64,039
Miscellaneous	61,606	3,321	4,261
	<hr/>	<hr/>	<hr/>
Total revenues	6,977,829	2,199,702	666,417
Expenditures:			
Current:			
General government	1,905,976	-	-
Public service	472,875	-	-
Public safety	732,179	-	-
Public works	-	963,317	761,513
Parks and recreation	44,085	-	-
Planning	78,018	-	-
Capital outlay	-	561,847	633,739
Debt service:			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
	<hr/>	<hr/>	<hr/>
Total expenditures	3,233,133	1,525,164	1,395,252
Excess (deficiency) of revenues over expenditure	<hr/>	<hr/>	<hr/>
	3,744,696	674,538	(728,835)
Other financing sources (uses)			
Sale of property and equipment	22,480	-	-
Transfers in	125,984	32,113	740,465
Transfers out	(3,688,786)	(723,502)	-
	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	(3,540,322)	(691,389)	740,465
Net change in fund balance	<hr/>	<hr/>	<hr/>
	204,374	(16,851)	11,630
Fund balances - beginning of year	<hr/>	<hr/>	<hr/>
	1,875,235	1,788,620	1,574,401
Fund balances - end of year	<hr/>	<hr/>	<hr/>
	\$ 2,079,609	\$ 1,771,769	\$ 1,586,031

The notes to financial statements are an integral part of this statement.

Police	P-03-1 Debt	P-04-1 Debt	P-04-2 Debt	Other Governmental Funds	Total Governmental Funds
\$ 688,337	\$ -	\$ -	\$ -	\$ 454,387	\$ 4,423,110
-	340,220	193,268	212,248	787,799	1,533,535
-	-	-	-	274,993	564,718
141,763	-	-	-	359,993	664,308
14,467	-	-	-	10,905	5,288,281
28,713	-	-	-	110,706	139,419
56,779	-	-	-	1,656,983	2,102,444
-	-	-	-	52,651	240,287
7,000	73,595	51,488	41,323	322,564	698,840
124,567	-	-	-	8,638	202,393
1,061,626	413,815	244,756	253,571	4,039,619	15,857,335
-	-	-	-	126,281	2,032,257
-	-	-	-	1,360,628	1,833,503
4,207,753	-	-	-	604,196	5,544,128
-	-	-	-	-	1,724,830
-	-	-	-	-	44,085
-	-	-	-	-	78,018
199,656	-	-	-	93,267	1,488,509
-	137,600	95,160	69,400	1,657,840	1,960,000
-	53,888	38,461	31,051	463,046	586,446
4,407,409	191,488	133,621	100,451	4,305,258	15,291,776
(3,345,783)	222,327	111,135	153,120	(265,639)	565,559
-	-	-	-	-	22,480
3,461,525	-	-	-	545,331	4,905,418
(115,742)	-	-	-	(473,604)	(5,001,634)
3,345,783	-	-	-	71,727	(73,736)
-	222,327	111,135	153,120	(193,912)	491,823
11,313	193,257	103,614	50,470	5,028,838	10,625,748
\$ 11,313	\$ 415,584	\$ 214,749	\$ 203,590	\$ 4,834,926	\$ 11,117,571

City of Burton
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds
To the Statement of Activities
For the Year Ended June 30, 2006

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balance - total governmental fund	\$ 491,823
--	------------

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:

-Capital Outlay	1,616,793
-Depreciation	(2,091,805)
-Loss on disposal of capital assets	(6,049)

The issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. These are the effects of these differences in the treatment of long-term debt and related items:

- Payments on general obligation debt	1,960,001
- Payments on capital lease	34,420
- Change in compensated absences	(24,883)

The net revenue of certain activities of internal service funds is reported with governmental activities	(3,182)
--	---------

Recognition of special assessment revenue on an accrual basis	(1,545,108)
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Change in net assets of governmental activities	\$ 432,010
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The notes to financial statements are an integral part of this statement.

City of Burton
Statement of Net Assets
Proprietary Funds
June 30, 2006

	Business-type Activities - Enterprise Fund			Governmental Activities - Internal Service Funds
	Water	Sewer	Totals	
Assets				
Current assets:				
Cash and cash equivalents	\$ 1,872,072	\$ 8,641,669	\$ 10,513,741	\$ 450,025
Receivables:				
Accounts	1,592	433,429	435,021	400
Unbilled utility charges	575,092	667,090	1,242,182	-
Tap-in contracts - current	1,433	629	2,062	-
Accrued interest	4,679	67,763	72,442	-
Due from other funds	184,219	-	184,219	187,095
Advances to other funds - current	-	-	-	-
Unamortized bond discount	23,622	-	23,622	-
Inventory	166,478	8,766	175,244	103,602
Total current assets	2,829,187	9,819,346	12,648,533	741,122
Noncurrent assets:				
Restricted cash and cash equivalents				
Revenue bond covenant accounts	288,794	-	288,794	-
Capital assets not being depreciated	181,869	218,268	400,137	10,050
Capital assets (net of accumulated depreciation)	15,854,078	27,364,100	43,218,178	947,560
Other assets:				
Tap-in contracts receivable - long-term	70,238	30,802	101,040	-
Total assets	19,224,166	37,432,516	56,656,682	1,698,732
Liabilities				
Current liabilities:				
Accounts payable	146,497	12,088	158,585	55,781
Accrued liabilities	16,943	8,964	25,907	1,186
Advances from other funds - current	-	-	-	-
Due to other funds	47,321	203,345	250,666	-
Due to other governments	-	442,672	442,672	-
Capital lease payable-current	-	-	-	27,476
Bonds payable - current	75,000	-	75,000	-
Total current liabilities	285,761	667,069	952,830	84,443
Noncurrent liabilities				
Capital lease payable - long term	-	-	-	195,824
Bonds payable - long term	2,150,000	-	2,150,000	-
Total noncurrent liabilities	2,150,000	-	2,150,000	195,824
Total liabilities	2,435,761	667,069	3,102,830	280,267
Net Assets				
Invested in capital assets, net of related debt	13,810,947	27,582,368	41,393,315	734,310
Unrestricted	2,977,458	9,183,079	12,160,537	684,155
Total net assets	\$ 16,788,405	\$ 36,765,447	\$ 53,553,852	\$ 1,418,465

The notes to financial statements are an integral part of this statement.

City of Burton
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended June 30, 2006

	<u>Business-type Activities - Enterprise Fund</u>			Governmental Activities - Internal Service Funds
	Water	Sewer	Totals	
Operating revenues:				
Charges for services	\$ 2,573,652	\$ 2,700,145	\$ 5,273,797	\$ 1,669,701
Fines and forfeits	64,104	3,377	67,481	-
Sales of materials	26,955	-	26,955	172,079
Miscellaneous	6,948	649	7,597	212
Total operating revenues	2,671,659	2,704,171	5,375,830	1,841,992
Operating expenses:				
Personal services	605,267	502,343	1,107,610	196,653
Contractual services	32,486	87,289	119,775	69,057
Supplies	57,690	66,326	124,016	271,844
Materials	156,858	-	156,858	177,353
Repairs	-	8,880	8,880	156,308
Equipment rental	114,649	50,956	165,605	-
Utilities	13,977	-	13,977	8,442
Water purchases	1,450,183	-	1,450,183	-
Treatment charges	-	1,894,867	1,894,867	-
Depreciation	311,793	401,451	713,244	271,778
Insurance	-	-	-	624,630
Claims	-	-	-	126,280
Miscellaneous	30,510	5,383	35,893	2,633
Total operating expense	2,773,413	3,017,495	5,790,908	1,904,978
Operating loss	(101,754)	(313,324)	(415,078)	(62,986)
Non-operating revenues (expenses)				
Interest on investments	90,113	349,834	439,947	11,629
Interest on tap-ins	7,118	1,479	8,597	-
Interest expense and fiscal charges	(111,356)	-	(111,356)	(12,324)
Interest on long-term advances to other funds	(3,071)	3,071	-	-
Discount on revenue bonds	(1,687)	-	(1,687)	-
Gain on sale of capital assets	-	-	-	15,995
Total non-operating revenues (expenses)	(18,883)	354,384	335,501	15,300
Loss before contributions and transfers	(120,637)	41,060	(79,577)	(47,686)
Capital contributions	767,173	201,222	968,395	-
Transfers in	31,799	23,913	55,712	58,500
Transfers out	(4,000)	-	(4,000)	(13,996)
Change in net assets	674,335	266,195	940,530	(3,182)
Net assets - beginning of year	16,114,070	36,499,252	52,613,322	1,421,647
Net assets - end of year	\$ 16,788,405	\$ 36,765,447	\$ 53,553,852	\$ 1,418,465

The notes to financial statements are an integral part of this statement.

City of Burton
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2006

	Business-type Activities - Enterprise Fund			Governmental Activities - Internal Service Funds
	Water	Sewer	Totals	
Cash flows from operating activities				
Receipts from customers and users	\$ 2,562,494	\$ 4,785,666	\$ 7,348,160	\$ -
Receipts from interfund services provided	-	-	-	1,665,067
Payments to suppliers	(1,940,085)	(4,049,167)	(5,989,252)	(1,442,553)
Payments to employees	(601,478)	(502,642)	(1,104,120)	(196,186)
Other operating revenues	98,007	4,026	102,033	172,291
Net cash provided by operating activities	118,938	237,883	356,821	198,619
Cash flows from noncapital financing activities:				
Transfers in	31,799	23,913	55,712	58,500
Transfers out	(4,000)	-	(4,000)	(13,996)
Interest paid on long-term interfund advance initially used for capital activities	(3,071)	3,071	-	-
Payments on long-term advances from other fund	-	180,000	180,000	-
Net cash provided by noncapital financing activities	24,728	206,984	231,712	44,504
Cash flows from capital and related financing activities				
Capital contributions	230,567	194,080	424,647	-
Acquisition and construction of capital assets	(107,919)	(166,061)	(273,980)	(107,833)
Proceeds from sale of capital assets	-	-	-	25,090
Interest payments on long term deb	(111,356)	-	(111,356)	-
Principal payments on bonds	(75,000)	-	(75,000)	-
Payments on capital lease	-	-	-	(26,183)
Interest paid on capital lease	-	-	-	(12,324)
Payments on long-term interfund advance initially used for capital activities	(180,000)	-	(180,000)	-
Net cash provided by (used in) capital and related financing activities	(243,708)	28,019	(215,689)	(121,250)
Cash flows from investing activities:				
Interest on investments	88,960	325,983	414,943	11,629
Interest on tap-ins	7,117	1,479	8,596	-
Net cash provided by investing activities	96,077	327,462	423,539	11,629
Net increase (decrease) in cash and cash equivalent	(3,965)	800,348	796,383	133,502
Cash and cash equivalents - beginning of year	2,164,831	7,841,321	10,006,152	316,523
Cash and cash equivalents - end of year (including \$288,794 reported in restricted accounts in Water Fund)	\$ 2,160,866	\$ 8,641,669	\$ 10,802,535	\$ 450,025

The notes to financial statements are an integral part of this statement.

(continued)

City of Burton
Statement of Cash Flows
Proprietary Funds (continued)
For the Year Ended June 30, 2006

	<u>Business-type Activities - Enterprise Fund</u>			<u>Governmental Activities - Internal Service Funds</u>
	<u>Water</u>	<u>Sewer</u>	<u>Totals</u>	
Reconciliation of operating loss to net cash provided by operating activities				
Operating loss	\$ (101,754)	\$ (313,324)	\$ (415,078)	\$ (62,986)
Adjustments to reconcile operating loss to net cash provided by operating activities				
Depreciation	311,793	401,451	713,244	271,778
Changes in assets and liabilities:				
(Increase) decrease in accounts receivable	10,147	18,898	29,045	172
(Increase) decrease in unbilled utility charges	(22,871)	(11,248)	(34,119)	-
(Increase) decrease in due from other funds	1,566	183,004	184,570	(4,836)
(Increase) decrease in inventory	(22,546)	(1,178)	(23,724)	(17,360)
Increase (decrease) in accounts payable	(68,292)	153	(68,139)	11,384
Decrease in accrued liabilities	3,789	(299)	3,490	467
Decrease in due to other funds	7,106	989	8,095	-
Increase in due to other governments	-	(40,563)	(40,563)	-
Total adjustments	220,692	551,207	771,899	261,605
Net cash provided by operating activities:	<u>\$ 118,938</u>	<u>\$ 237,883</u>	<u>\$ 356,821</u>	<u>\$ 198,619</u>
Non-cash capital and related financing activities:				
Capital contributions provided by developer	<u>\$ 546,318</u>	<u>\$ 10,900</u>	<u>\$ 557,218</u>	<u>\$ - 0 -</u>

The notes to financial statements are an integral part of this statement.

City of Burton
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2006

	Pension Trust Fund Employees Retirement System	Agency Funds
Assets		
Cash and cash equivalents	\$ -	\$ 84,572
Total assets	-	84,572
Liabilities		
Accounts payable	-	84,572
Total liabilities	-	84,572
Net assets		
Held in trust for pension benefits	\$ -	\$ - 0 -

The notes to financial statements are an integral part of this statement.

City of Burton
Statement of Changes in Fiduciary Net Asset
Fiduciary Fund:
For the Year Ended June 30, 2006

	<u>Pension Trust Fund Employees Retirement System</u>
Additions:	
Investment income	\$ 285
Total additions	<u>285</u>
Deductions:	
Transfer to successor plan	5,249
Administrator fees	<u>30</u>
Total deductions	<u>5,279</u>
Change in net assets	(4,994)
Net assets - beginning of year	<u>4,994</u>
Net assets - end of year	<u><u>\$ -</u></u>

The notes to financial statements are an integral part of this statement.

Notes to Financial Statements

City of Burton
Notes to Financial Statements
June 30, 2006

I. Summary of significant accounting policies

The accounting policies of the City of Burton, Michigan (the "City") conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by the City of Burton, Michigan.

A. Reporting entity

The City of Burton was incorporated April 6, 1972, under the provisions of Act 279, P.A. 1980, as amended (Home Rule City Act). The City operates a Council-Mayor form of government and provides the following services as authorized by its charter: public safety (police, fire, and inspections), highways and streets, sanitation, parks and recreation, public improvements, planning and zoning, and general administrative services.

The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements (see note below for description) to emphasize that it is legally separate from the government.

Blended component units:

City of Burton Building Authority: (Debt Service Governmental Fund)

- * Serves all citizens
- * The City appoints the governing board
- * The Authority was established for the specific purpose of financing building construction activities for the City

Discretely presented component units:

City of Burton Downtown Development Authority (DDA): (Governmental Activity)

- * Was created under State law to promote and develop the downtown area
- * City appoints governing board
- * City approves budget of Authority
- * City must approve any tax levy of the Authority
- * Surplus funds existing at termination of Authority vest to the City

City of Burton Economic Development Corporation (EDC): (Governmental Activity)

- * Was created under State law to provide financing and development opportunities for businesses located within the City
- * The City appoints the governing board and management of the Corporation
- * The City provides in-kind contributions to the Corporation
- * Surplus funds existing at the termination of the Corporation vest to the City

City of Burton
Notes to Financial Statements
June 30, 2006

I. Summary of significant accounting policies - (continued)

A. Reporting entity - (continued)

Complete financial statements for each of the individual component units may be obtained at the entity's administrative offices.

Burton Downtown Development Authority
4303 S. Center Road
Burton, Michigan 48519

Burton Economic Development Corporation
4303 S. Center Road
Burton, Michigan 48519

The Burton Building Authority did not issue separate financial statements at June 30, 2006.

B. Government-wide and fund financial statements:

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct* expenses are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement focus, basis of accounting, and financial statement presentation:

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

City of Burton
Notes to Financial Statements
June 30, 2006

I. Summary of significant accounting policies - (continued)

C. Measurement focus, basis of accounting, and financial statement presentation: - (continued)

Property taxes, income taxes, licenses, and charges for services associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Major and Local Street Funds account for the City's share of proceeds from gas and weight taxes levied by the State and distributed to local governmental units. State law requires that these taxes be used for street maintenance and construction.

The Police Fund accounts for the operations of the City's Police department. The operations are funded in part by a special millage and as a result, the State of Michigan requires the operations to be accounted for separately from the City's General Fund.

The Paving Special Assessment Project 03-01, 04-01, and 04-02 Debt Service Funds account for significant paving projects that were funded by the issuance of special assessment bonds.

The government reports the following major proprietary funds:

The Water Supply and Sewer Disposal System are managed by the City's Department of Public Works. Separate funds are maintained for the operations of the water distribution system and sewage collection, pumping and distribution to the County's treatment plant.

Additionally, the government reports the following fund types:

Internal service funds account for self insurance, motor pool services and technology provided to other departments or agencies of the government, or to other governments, on a cost reimbursement basis.

Pension Trust funds account for the accumulation of resources related to the City's defined contribution plan used for retirement benefits at appropriate amounts and times in the future. These funds accumulate resources for pension benefits financed by employee contributions.

Agency Funds account for assets held by the City as an agent for individuals, private organizations and other governments.

City of Burton
Notes to Financial Statements
June 30, 2006

I. Summary of significant accounting policies - (continued)

C. Measurement focus, basis of accounting, and financial statement presentation: - (continued)

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City's water and sewer function and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes and interest income.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Water and Sewer enterprise funds and of the City's internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Property tax revenue:

Property taxes attach as an enforceable lien on property as of December 31. City taxes are levied on the following July 1 and are payable without penalty through September 30. The City bills and collects its own property taxes, and also taxes for the County and several school districts within its jurisdiction. Collections and remittances of the County and school taxes are accounted for in the Current Tax Agency Fund. City property tax revenues are recognized as revenues in the fiscal year levied to the extent that they are measurable and available.

Property taxes are levied based on assessed values of property located in the City. Assessed values are established and equalized by the state at an estimated 50% of current market value. A comparison of assessed and taxable property values for the 2005 tax levy is as follows:

	<u>Assessed Value</u>	<u>Taxable Value</u>
Real property	\$794,201,680	\$639,675,860
Personal property	<u>57,250,100</u>	<u>57,250,100</u>
Total	<u>\$851,451,780</u>	<u>\$696,925,960</u>

City of Burton
Notes to Financial Statements
June 30, 2006

I. Summary of significant accounting policies - (continued)

D. Property tax revenue: - (continued)

The City is permitted by charter to levy up to \$5.00 (5 mills) per \$1,000 of state equalized value for general governmental services and \$2.00 (2 mills) per \$1,000 for development of the downtown district (DDA - a component unit). For the year ended June 30, 2006, the City and the DDA levied 4.7155mills for general government services and 1.8923 mills for development of the downtown district, respectively. Beginning in 1984, the voters approved an additional levy of \$1.00 (1 mill) per \$1,000 of state equalized value to be levied for police services. For the year ended June 30, 2006, the City levied .9894 mills for police services. The police millage was approved in November 2003 for another 20 years starting with the 2005 tax levy. For the year ended June 30, 2006, \$.65 per \$1,000 of state equalized valuation was being levied for debt retirement. These amounts are recognized in the respective General, Special Revenue, and Debt Service Funds financial statements as tax revenue.

E. Budgetary data:

Budgets shown in the financial statements were prepared on the same modified accrual basis used to reflect actual results. The City employs the following procedures in establishing the budgetary data reflected in the financial statements:

1. At the first meeting in April, the Mayor submits to the City Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them, for the General and Special Revenue Funds.
2. Public hearings are conducted at City Hall to obtain taxpayer comments.
3. Prior to June 30, the budget is legally enacted on a departmental (activity) basis for the General Fund and for the individual Special Revenue Funds through passage of a resolution. The only exception is that budgets are adopted on a project length basis for the Capital Improvement and Community Development Special Revenue Funds. No budgets are adopted for the FANG Special Revenue Fund.
4. The Mayor or his/her designee is authorized to transfer budgeted amounts within departmental appropriation accounts, however, any revisions that alter the total expenditures of any department must be approved by the City Council.
5. Formal budgetary integration is employed as a management control device during the year for all budgetary funds.
6. Budget appropriations lapse at year end except for approved contracts.
7. The original budget was amended during the year in compliance with the City Charter and applicable state laws. The budget to actual expenditures in the financial statements represents the final budgeted expenditures as amended by the City.
8. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the governmental funds. There were no encumbrances at year end.

City of Burton
Notes to Financial Statements
June 30, 2006

I. Summary of significant accounting policies - (continued)

F. Assets, liabilities, and net assets or equity:

1. Cash and cash equivalents, and investments

The City considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

Investments are stated at fair value.

2. Inventory and prepaid items

Inventories are valued at cost for governmental funds, and the lower of cost or market in proprietary funds, using the first-in/first-out (FIFO) method. Inventories consist of expendable supplies held for consumption. The cost is recorded as an expenditure/expense at the time individual inventory items are consumed.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government wide and find financial statements.

3. Capital assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$2,500 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Capital assets are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	50
Land and building improvements	15-30
Sewer and water system	65-100
Vehicles	5
Office equipment	5
Machinery and equipment	7
Federal grant equipment	5
Streets, drains, bridges, signals	20-50

City of Burton
Notes to Financial Statements
June 30, 2006

I. Summary of significant accounting policies - (continued)

E. Assets, liabilities, and net assets or equity: - (continued)

4. Accumulated unpaid vacation and sick pay

All City employees are paid for unused sick days on an annual basis. Employees are required to take a minimum number of vacation days by December 31. The remaining available days are paid to the employee the following January.

Accumulated vested unpaid sick and vacation pay at June 30, 2006, is recorded in the government-wide, proprietary, and fiduciary fund financial statements. A liability for these amounts is recorded in the governmental funds (generally within General Fund, Major and Local Street Special Revenue Funds, and Police Millage Special Revenue Funds) only if they have matured, for example, as a result of employee resignations and retirements.

5. Long-term obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net assets.

- Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.
- The face amount of debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

6. Fund equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

7. Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

8. Comparative data reclassifications

Comparative total data for the prior year has been presented in the accompanying financial statements in order to provide an understanding of changes in the City's financial position and operations. However, comparative data (i.e., presentation of prior year totals by fund type) has not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to read. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

City of Burton
Notes to Financial Statements
June 30, 2006

I. Summary of significant accounting policies - (continued)

F. Revenues, expenditures, and expenses:

Special assessments

Special assessments are recorded as revenues when due, rather than when levied. Estimated annual installments not yet available are reflected as deferred revenue. Special assessments are billed annually on July 1 and are due and payable September 30.

II. Detail notes on all funds

A. Assets and liabilities

1. Deposits and investments

Michigan Compiled Laws section 129.91 (Public Act 20 of 1943, as amended), authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The local unit is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications, which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivision, which are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

The City has designated three banks for the deposit of its funds, Citizens Bank, JP Morgan Chase Bank, and LaSalle Bank. The investment policy adopted by the Council in accordance with Public Act 196 of 1997 has authorized all investments as listed above. The City's deposits and investment policies are in accordance with statutory authority.

The City's cash and investments are subject to several types of risk, which are examined in more detail below:

Custodial credit risk of bank deposits:

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk. At year end, the City had \$13,870,029 of bank deposits (certificates of deposit, checking and savings accounts) that were uninsured and uncollateralized. The City believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the city evaluates each financial institution it deposits funds with and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Component units:

Of the City's component unit deposits \$46,855 are uninsured and uncollateralized.

Custodial credit risk of investments:

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City does not have a policy for custodial credit risk. At year end, the following investment securities were uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the City's name.

City of Burton
Notes to Financial Statements
June 30, 2006

II. Detail notes on all funds - (continued)

A. Assets and liabilities - (continued)

1. Deposits and investments - (continued)

<u>Type of Investment</u>	<u>Carrying Value</u>	<u>How Held</u>
U.S. gov or agency bond or notes	\$251,832	Counterparty
Corp bonds (Retiree Health Care)	100,916	Counterparty's trust dept
Corporate stocks (Retiree Health Care)	591,009	Counterparty's trust dept

Interest rate risk:

Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The City's investment policy does not restrict investment maturities, other than commercial paper which can only be purchased with a 270 day maturity. As of June 30, 2006, the City had the following investments and maturities:

	<u>Fair Value</u>	<u>Less than One Year</u>	<u>1 – 10 Years</u>	<u>More than 10 Years</u>
Money Markets	\$6,848,606	\$6,848,606	\$ -	\$ -
U.S. Agencies	251,832	24,809	188,419	38,604
Corporate Bonds	100,916	-	100,916	-
Corporate Equities	591,009	-	-	591,009
	<u>\$7,792,363</u>	<u>\$6,873,415</u>	<u>\$289,335</u>	<u>\$629,613</u>

The balances in the U.S. Agencies, Corporate Bonds and Corporate Equities are held by the Retiree Health Care Special Revenue Fund adopted by the City in accordance with P.A. 149 of 1999 of the State of Michigan.

Credit risk:

State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The City has no investment policy that would further limit its investment choices. As of year end, the credit quality ratings of debt securities (other than the U.S. government) are as follows:

<u>Investment</u>	<u>Fair Value</u>	<u>Rating</u>	<u>Rating Organization</u>
Corp. bonds	\$ 14,317	AA	S & P
Corp. bonds	15,448	A-	S & P
Corp. bonds	14,594	A+	S & P
Corp. bonds	14,368	AAA	S & P
Corp. bonds	14,168	A	S & P
Corp. bonds	13,855	A+	S & P
Corp. bonds	14,166	A+	S & P

Concentration of credit risk:

The City places no limit on the amount the district may invest in any one issuer. The City has no investment in one issuer that is more than 5 percent of the City's investments.

City of Burton
Notes to Financial Statements
June 30, 2006

II. Detail notes on all funds - (continued)

A. Assets and liabilities: - (continued)

2. Receivables

Receivables as of year end for the City's individual major funds and nonmajor, internal service, and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

Governmental activities and fiduciary funds:

	<u>General</u>	<u>Major Street</u>	<u>Local Street</u>	<u>Police</u>	<u>P-03-01 Debt</u>
Receivables:					
Accounts	\$467,350	\$ -	\$ 9,108	\$ -	\$ -
Special assessments	-	-	-	-	1,520,870
Interest	-	5,234	5,938	-	65,274
Gross and net receivables	<u>\$467,350</u>	<u>5,234</u>	<u>\$ 15,046</u>	<u>\$ -0-</u>	<u>\$1,586,144</u>

	<u>P-04-01 Debt</u>	<u>P-04-02 Debt</u>	<u>Nonmajor Other Funds</u>	<u>Total</u>
\$ -	\$ -	\$ 3,527	\$ 479,985	
975,443	759,425	2,736,700	5,992,438	
46,040	36,104	130,895	289,485	
<u>\$1,021,483</u>	<u>\$795,529</u>	<u>\$2,871,122</u>	<u>\$6,761,908</u>	

No allowance for uncollectible accounts was deemed necessary for the outstanding receivables.

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

	<u>Unavailable</u>	<u>Unearned</u>
Special assessments not yet due	\$5,992,438	\$ -
Grant drawdowns not yet earned	-	8,631

Business Type Activities:

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Receivables:			
Accounts – all types	\$648,355	\$1,131,950	\$1,780,305
Interest	4,679	67,763	72,442
Gross and net receivable	<u>\$653,034</u>	<u>\$1,199,713</u>	<u>\$1,852,747</u>

No allowance for uncollectible accounts was deemed necessary.

City of Burton
Notes to Financial Statements
June 30, 2006

II. Detail notes on all funds - (continued)

A. Assets and liabilities: - (continued)

3. Capital assets

Capital asset activity for the year ended June 30, 2006 was as follows:

Primary Government

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 167,809	-	-	\$ 167,809
Total capital assets, not being depreciated	167,809	-	-	167,809
Capital assets, being depreciated:				
Buildings	6,051,045	-	-	6,051,045
Improvements other than buildings	1,020,852	-	-	1,020,852
Machinery, vehicles, and equipment	7,005,200	384,282	(224,175)	7,165,307
Infrastructure	34,878,882	1,340,345	(673,353)	35,545,874
Total capital assets being depreciated	48,955,979	1,724,627	(897,528)	49,783,078
Less accumulated depreciation for:				
Buildings	2,856,247	199,949	-	3,056,196
Improvements other than buildings	481,522	32,255	-	513,777
Machinery, vehicles, and equipment	4,525,390	490,771	(209,029)	4,807,132
Infrastructure	12,577,821	1,640,608	(673,353)	13,545,076
Total accumulated depreciation	20,440,980	2,363,583	(882,382)	21,922,181
Total capital assets, being depreciated, net	28,514,999	(638,956)	(15,146)	27,860,897
Governmental activities capital assets, net	\$28,682,808	\$(638,956)	\$ (15,146)	\$28,028,706

City of Burton
Notes to Financial Statements
June 30, 2006

II. Detail notes on all funds - (continued)

A. Assets and liabilities: - (continued)

3. Capital assets - (continued)

Primary Government – (continued)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ -	\$ -	\$ -	\$ -
Construction in progress	2,453,202	775,572	(2,828,637)	400,137
Total capital assets, not being depreciated	2,453,202	775,572	(2,828,637)	400,137
Capital assets, being depreciated:				
Improvements other than buildings	53,935,177	2,881,836	-	56,817,013
Machinery and equipment	544,073	2,427	-	546,500
Total capital assets, being depreciated	54,479,250	2,884,263	-	57,363,513
Less accumulated depreciation for:				
Improvements other than buildings	13,097,198	665,053	-	13,762,251
Machinery and equipment	334,893	48,191	-	383,084
Total accumulated depreciation	13,432,091	713,244	-	14,145,335
Total capital assets, being depreciated, net	41,047,159	2,171,019	-	43,218,178
Business-type activities capital assets, net	<u>\$43,500,361</u>	<u>\$2,946,591</u>	<u>\$(2,828,637)</u>	<u>\$43,618,315</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:

Current:

General government	\$ 214,433
Public service	1,640,608
Public safety	193,612
Public works	271,778
Parks and recreation	43,152

Total depreciation expense – governmental activities	<u>\$2,363,583</u>
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Business-type activities:

Water	\$ 311,793
Sewer	401,451

Total depreciation expense – business-type activities	<u>\$ 713,244</u>
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City of Burton
Notes to Financial Statements
June 30, 2006

II. Detail notes on all funds - (continued)

A. Assets and liabilities: - (continued)

3. Capital assets - (continued)

Construction commitments:

The government has active construction projects as of June 30, 2006. The projects include street construction in areas with newly developed housing, widening and construction of existing streets and bridges. At year end the government's commitments with contractors was not significant.

The special assessment portion of the commitment for residential street construction is being financed by special assessment bonds that will be repaid by the benefiting property owners.

Construction in progress represents water and sewer utility lines being completed. At year end, there are no unrecorded liabilities or material commitments related to these construction projects.

4. Retirement Plan - defined contribution

The City has a single employer defined contribution pension plan which covers those full-time employees that elect not to participate in the defined benefit plan as described in Note III A.5. The Plan is accounted for in a Pension Trust Fund. The plan is administered by a five member Board of Trustees, comprised of members of each of the four labor unions and one member of the City administration. The administration of the plan is also supported by an outside plan administrator, Pension Plan Services, Inc. A stand-alone plan financial report is not issued. The City's pension plan was organized pursuant to Public Act #135 of 1945, as amended, State of Michigan. Employees are eligible to participate in the pension plan after six months of service with no minimum age requirements. Employees become 100% vested after 20 months of service and are -0-% vested prior to that. The pension, as established, does not recognize prior service costs as it is based exclusively on current compensation earned by participants.

The required employer contribution for plan participants is based on a rate that is 5% less than the MERS administration rate. The employees can contribute to the plan.

During the year ended June 30, 2006, no contributions were made by the employer.

The fair value of the pension trust fund's cash and investments at June 30, 2006, is as follows:

	<u>Fair Value</u>
Money funds	<u>\$ -0-</u>

As of June 30, 2005, the assets of the Pension Trust were transferred to a successor plan except for \$4,994. During the year ended June 30, 2006 the remaining \$4,994 was distributed.

City of Burton
Notes to Financial Statements
June 30, 2006

II. Detail notes on all funds - (continued)

A. Assets and liabilities: - (continued)

4. Retirement Plan - defined contribution - (continued)

Plan investments were reported at fair value. Short-term investments were reported at cost, which approximates fair value. Securities traded on national exchanges were valued at the last reported sales price. Investments that do not have an established market were reported at estimated fair values.

All investments were handled through Merrill Lynch Corporation. There were no loans outstanding to Burton City employees at June 30, 2006.

5. Retirement plan - defined benefit

Plan description

The City of Burton has elected to participate in the Michigan Municipal Employees Retirement System (MERS), an agent multiple-employer pension plan that covers all employees of the City. The system provides retirement, disability, and death benefits to plan members and their beneficiaries. MERS issues a publicly available financial report that includes financial statements and required supplementary information for the system as a whole. That report may be obtained by writing to Municipal Employees' Retirement System of Michigan, 1134 Municipal Way, Lansing, Michigan 48917.

Effective dates for participation in the plan differ by employee bargaining group. The effective dates are as follows:

March 1, 1992 - AFSCME Hourly Employees and Administrative/Non-union
July 1, 1996 - Police Union (POAM and COAM) and Supervisors Union (SEIU)

Upon the effective date for each respective bargaining group, all full time employees of the City are eligible to participate in the plan.

Membership in the plan at December 31, 2005, the date of the latest actuarial valuation, is comprised of 98 active members, 11 inactive vested members, and 42 retirees and beneficiaries.

The plan provides for vesting of benefits after 10 or 6 years of service. Participants may elect normal retirement at age 60 with 6 or more years of service. The plan also provides for early retirement at 25 years service, and age 55 with 15 or more years of service. Election of early retirement is subject to reduction of benefits as outlined below.

Participants of all four groups are entitled to a retirement benefit equal to the credited service at the time of membership termination multiplied by 2.25% or 2.5% of the member's final average compensation (F.A.C.). The retirement allowance is reduced by 1/2% of 1% for each complete month that the retirement date precedes the age at which full normal retirement benefits are available.

City of Burton
Notes to Financial Statements
June 30, 2006

II. Detail notes on all funds - (continued)

A. Assets and liabilities: - (continued)

5. Retirement plan - defined benefit – (continued)

Funding policy

The plan provides that the employer/employees contribute amounts necessary to fund the actuarially determined benefits. AFSCME Union employees are required to contribute 6.01% of eligible compensation and Police Unions (POAM and COAM) are required to contribute 1.41% of eligible compensation. The other employee groups are not required to contribute to the plan. The City makes employer contributions in accordance with funding requirements determined by MERS' actuary. Benefit provisions and contribution obligations have been established by union contract.

The City forwarded \$93,256 of pension contributions withheld from employees during the year ended June 30, 2006.

Actuarial assumptions

The significant actuarial assumptions used to compute the actuarial accrued liabilities are as follows:

Valuation date	December 31, 2005
Actuarial cost method	Entry age normal cost method
Amortization method	Level percentage of payroll
Remaining amortization period	31 years open
Asset valuation method	10 year smoothed market
Investment rate of return	8.0 %
Projected salary increases	4.5%
Includes inflation at	4.5%
Cost of living adjustments (COLA)	up to 2.5%

City of Burton
Notes to Financial Statements
June 30, 2006

II. Detail notes on all funds - (continued)

A. Assets and liabilities: - (continued)

5. Retirement Plan - defined benefit - (continued)

Annual pension cost

The City's Annual Required Contribution (ARC) and Annual Pension Cost (APC) for the year ended June 30, 2006 was \$1,107,569. All employer contributions made were equal to required contributions by MERS. There was no accumulated Net Pension Obligation (NPO) at June 30, 2006. The Annual Pension Cost (APC), percentage of APC contributed, and Net Pension Obligation (NPO) for the years ended June 30, 2006, 2005, and 2004 are summarized as follows:

Pension Plan
Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Liability Entry Age (AAL) (b)	Actuarial Accrued AAL (UAAL) (b-a)	Unfunded (Over funded) Funded Ratio (a/b)	Covered Payroll (c)	UAAL as % of Covered Payroll (b-a)/c)
12/31/03	\$11,693,562	\$25,665,808	\$13,972,246	45.6%	\$4,420,296	316.1%
12/31/04	12,819,586	28,281,601	15,462,015	45.3	4,224,907	366.0
12/31/05	13,835,202	30,600,953	16,765,751	45.2	4,351,507	385.3

Annual Pension Cost (APC)	% of APC Contributed	Net Pension Obligation
\$1,020,839	100.0%	\$ -
1,054,119	100.0	-
1,107,569	100.0	-

City of Burton
Notes to Financial Statements
June 30, 2006

II. Detail notes on all funds - (continued)

A. Assets and liabilities: - (continued)

6. Long-term debt

Long-term liability activity for the year ended June 30, 2006, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Government activities					
Bonds payable:					
General obligation bonds	\$ 4,790,000	\$ -	\$ (720,000)	\$4,070,000	\$770,000
Special assessment debt with government commitment	10,580,000		(1,240,000)	9,340,000	1,025,000
Total bonds payable	15,370,000		(1,960,000)	13,410,000	1,795,000
Capital leases	472,230	-	(60,603)	411,627	76,764
Compensated absences (accrued liabilities)	113,636	138,519	(113,636)	138,519	138,519
Governmental activity long-term liabilities	<u>\$15,955,866</u>	<u>\$138,519</u>	<u>\$(2,134,239)</u>	<u>\$13,960,146</u>	<u>\$2,010,283</u>
Business-type activities					
Bonds payable:					
Revenue bonds	\$2,300,000	\$ -	\$(75,000)	2,225,000	\$75,000
Total bonds payable	2,300,000	-	(75,000)	2,225,000	75,000
Business-type activity Long-term liabilities	<u>\$2,300,000</u>	<u>\$ -0-</u>	<u>\$(75,000)</u>	<u>\$2,225,000</u>	<u>\$75,000</u>

City of Burton
Notes to Financial Statements
June 30, 2006

II. Detail notes on all funds - (continued)

A. Assets and liabilities: - (continued)

6. Long-term debt - (continued)

General obligation debt and accrued liabilities:

The City was a participant in the county-wide sanitary sewer construction program. This program was financed by general obligation debt issued by Genesee County. The City was obligated to assume the portion of the total debt for the construction of the sewer system within its boundaries. The Act 51 debt is backed by future intergovernmental Act 51 funds and other general funds of the City. Significant details regarding the City's obligations under this program, and details regarding other long-term accrued liabilities, are as follows:

General Obligation Debt	Final Payment Due	Interest Rate or Range	Annual Principal Payment Varies Between	Outstanding Balance June 30, 2006	Amount Due in One Year
System #1 - Trunks #2	June 1, 2008	5.25 - 5.5%	\$140,000	\$ 280,000	\$140,000
System #1 - Laterals	June 1, 2007	4.0 - 4.9	180,000	180,000	180,000
System #1 - Laterals #2	June 1, 2008	5.25 - 5.4	100,000	200,000	100,000
Michigan Act 51					
Transportation Bonds -					
1998 Series	Feb 1, 2013	4.0 - 6.0	200,000-250,000	1,600,000	200,000
Building Authority Refunding	Oct 1, 2008	4.25 - 5.0	85,000-100,000	185,000	100,000
Building Authority Bonds					
Series 2004	April 1, 2021	4.10 - 5.0	50,000-150,000	<u>1,625,000</u>	50,000
				4,070,000	
Capital Lease -					
2 fire engines	July 15, 2009	5.65	43,644-49,288	188,327	49,288
Capital Lease -					
3 DPW vehicles	July 10, 2012	4.94	27,476-36,694	223,300	27,476
Accumulated vacation and sick pay				<u>138,519</u>	
				<u>\$4,620,146</u>	

City of Burton
Notes to Financial Statements
June 30, 2006

II. Detail notes on all funds - (continued)

A. Assets and liabilities: - (continued)

6. Long-term debt - (continued)

General obligation debt and accrued liabilities: - (continued)

Debt Service Requirements:

		<u>Total</u>	<u>Principal</u>	<u>Interest</u>
Year Ended	6-30-2007	\$1,047,677	\$846,764	\$ 200,913
	6-30-2008	816,326	647,476	168,850
	6-30-2009	489,602	351,551	138,051
	6-30-2010	527,114	405,854	121,260
	6-30-2011	460,082	358,321	101,761
	6-30-2012 to 6-30-2016	1,417,687	1,121,660	296,027
	6-30-2017 to 6-30-2021	859,500	750,000	109,500
		<u>\$5,617,988</u>	<u>\$4,481,626</u>	<u>\$1,136,362</u>

Interest is payable on all bond obligations semi-annually, most generally on April 1 or June 1, October 1 or December 1, and August 1 or February 1. Principal installments are paid annually on February 1, April 1, June 1, or October 1. Capital lease payments are payable annually on October 20 and July 10.

Special assessment debt with governmental commitment:

The special assessment debt was issued to finance capital projects that will be repaid wholly from special assessments levied against benefited property owners. Currently, there are \$63,815 in special assessments that are considered delinquent. These delinquent assessments are part of the City's total delinquent taxes at June 30, 2006, and are expected to be paid in full by the Genesee County Revolving Fund. As additional security, the City has pledged either its limited or full faith and credit for the payment of the principal and interest thereon. Significant details regarding special assessment bonds are presented:

<u>Date of Issue</u>	<u>Final Payment Year Ended</u>	<u>Interest Rate or Range</u>	<u>Principal Amount or Range</u>	<u>Outstanding Balance June 30, 2006</u>	<u>Amount Due in One Year</u>
11-1-1991	6-30-2007	4.0 - 5.5	10,000	10,000	10,000
5-1-1995	6-30-2007	5.25 - 5.65	45,000	45,000	45,000
5-1-1996	6-30-2008	5.15 - 5.6	65,000 - 75,000	140,000	65,000
5-1-1997	6-30-2009	4.7 - 5.2	30,000	90,000	30,000
5-1-1998	6-30-2018	4.3 - 5.2%	\$15,000 - 75,000	470,000	75,000
10-1-1998	6-30-2014	4.2 - 4.5	90,000 - 100,000	790,000	100,000
5-1-1999	6-30-2014	4.0 - 4.8	150,000 - 175,000	1,325,000	175,000

City of Burton
Notes to Financial Statements
June 30, 2006

II. Detail notes on all funds - (continued)

A. Assets and liabilities: - (continued)

6. Long-term debt - (continued)

Special assessment debt with governmental commitment: - (continued)

<u>Date of Issue</u>	<u>Final Payment Year Ended</u>	<u>Interest Rate or Range</u>	<u>Principal Amount or Range</u>	<u>Outstanding Balance June 30, 2006</u>	<u>Amount Due in One Year</u>
6-1-2003	6-30-2018	2.0 - 3.55	25,000 - 50,000	425,000	50,000
6-1-2003	6-30-2019	2.0 - 3.65	200,000	2,600,000	200,000
4-1-2004	6-30-2019	2.25 - 4.25	125,000 - 150,000	1,800,000	150,000
9-1-2004	6-30-2020	2.5 - 4.1	100,000 - 125,000	<u>1,645,000</u>	125,000
				<u>\$9,340,000</u>	

Debt Service Requirements:

		<u>Total</u>	<u>Principal</u>	<u>Interest</u>
Year Ended	6-30-2007	\$ 1,339,968	\$1,025,000	\$ 314,968
	6-30-2008	1,261,651	980,000	281,651
	6-30-2009	1,131,066	880,000	251,066
	6-30-2010	1,047,760	825,000	222,760
	6-30-2011	985,082	790,000	195,082
	6-30-2012 to 6-30-2016	3,901,980	3,335,000	566,980
	6-30-2017 to 6-30-2020	<u>1,598,371</u>	<u>1,505,000</u>	<u>93,371</u>
		<u>\$11,265,878</u>	<u>\$9,340,000</u>	<u>\$1,925,878</u>

The capital lease payable for three DPW vehicles lease is accounted for in the Governmental activities Internal Service – Motor Pool Fund. It reflects the leasing of three vehicles.

All General Obligation and Special Assessment Debt are supported by the City's "unlimited tax" or "limited tax" full faith and credit.

Business-type Activity:

Revenue bonds:

The Water Fund has revenue bonds, Series 1998, outstanding in the amount of \$2,300,000 at June 30, 2006. Significant details regarding the outstanding revenue bond is presented below:

<u>Date of Issue</u>	<u>Final Payment Date</u>	<u>Interest Rate</u>	<u>Annual Principal Payment Range</u>	<u>Outstanding Balance June 30, 2006</u>	<u>Amount Due in One Year</u>
1998	December 1, 2019	4.3% - 5.1%	\$75,000 - \$200,000	<u>\$2,225,000</u>	<u>\$75,000</u>

City of Burton
Notes to Financial Statements
June 30, 2006

II. Detail notes on all funds - (continued)

A. Assets and liabilities: - (continued)

6. Long-term debt - (continued)

Debt service requirements:

		<u>Total</u>	<u>Principal</u>	<u>Interest</u>
Year Ended	6-30-2007	\$ 182,750	\$ 75,000	\$107,750
	6-30-2008	203,525	100,000	103,525
	6-30-2009	198,525	100,000	98,525
	6-30-2010	242,538	150,000	92,538
	6-30-2011	235,488	150,000	85,488
	6-30-2012 to 6-30-2016	1,163,538	850,000	313,538
	6-30-2017 to 6-30-2021	880,700	800,000	80,700
		<u>\$3,107,064</u>	<u>\$2,225,000</u>	<u>\$882,064</u>

Interest is payable semi-annually.

Principal is paid on an annual basis.

Revenue bonds are secured by future revenues of the Water Enterprise Fund.

Interest is payable on all obligations semi-annually. Principal is paid on an annual basis.

The bonds are subject to redemption prior to maturity at the option of the City.

Act 279, Public Acts of Michigan 1909, as amended, provides that net indebtedness of cities cannot exceed 10% of the assessed real and personal property in the city. As of June 30, 2006, the City of Burton had a total debt limit of \$85,300,758. According to Act 279, the Building Authority Bonds are included in the 10% debt limit computation and all other debt incurred by the City at June 30, 2006, is specifically exempted from the computation. Therefore, the City could incur \$83,490,758 of additional general obligation debt as of June 30, 2006.

7. Risk management

The City of Burton is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries. The City participates in the Michigan Municipal League self insurance pool for general liability, property loss, professional, public officials errors and omissions liabilities. In addition, the City participates in a separate pool which provides coverage for workers' compensation claims. The City is on the reimbursement method of payment for unemployment compensation claims. Settled claims for insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

City of Burton
Notes to Financial Statements
June 30, 2006

II. Detail notes on all funds - (continued)

A. Assets and liabilities: - (continued)

7. Risk management – (continued)

A. Self Insurance Fund – Health Care

During the year ended June 30, 2006, the City continued a self insurance health care plan. Under the plan, the City self funds the cost of claims of each employee for the first \$25,000 of annual cumulative claims or \$774,045 in total claims for the whole plan. The City has purchased commercial insurance for any claims in excess of the aggregate amounts. The City's plan has not recorded any liability for incurred, but not reported, claims due to the fact that any such claims would be covered by the reinsurance policy that is in place. The City reached the cumulative cap for self-funding of its claims, and as such, any future claims related to the year ended June 30, 2006 would be paid by the reinsurance coverage in force. The reconciliation of total claims liability during the years ended June 30, 2006 and 2005 are as follows:

	<u>2006</u>	<u>2005</u>
Claims liability beginning of fiscal year	\$ -	\$ -
Provision for incurred claims expenses	721,093	660,104
Payments made for claims	<u>(721,093)</u>	<u>(660,104)</u>
Claims liability end of fiscal year	<u>\$ -0-</u>	<u>\$ -0-</u>

B. General liability and property loss

The Michigan Municipal League self insurance risk pool operates as a common risk - sharing management program for local units of government in Michigan; member premiums are used to purchase excess insurance coverage and to pay member claims in excess of deductible amounts. The City currently has a \$1,000 deductible for each and every loss on all lines of coverage. The risk pool's normal coverage will pay losses up to \$1,000,000 and the pool's reinsurance will cover losses from \$1,000,000 to \$5,000,000. Any liability for losses which exceed this amount would remain with the City. Settled claims for the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years, therefore, an adjustment for incurred but not reported claims has not been accrued.

C. Workers compensation

The City is a member of the Michigan Municipal Workers Compensation Self Insurer's Fund. Premiums from participants are combined to provide all members with coverage for claims. The premiums and interest thereon are used to pay claims, administrative expenses and to purchase reinsurance to protect the fund from exceptionally large losses. In the event of a deficit in a fund year assessments could be made against the members. The City has never incurred any losses which exceeded the insured amount.

City of Burton
Notes to Financial Statements
June 30, 2006

II. Detail notes on all funds - (continued)

A. Assets and liabilities: - (continued)

8. Post-employment health care benefits

Substantially all employees of the AFSCME, SEIU, POAM, COAM and Administrative group are eligible for post-employment health care benefits. To be eligible, employees at the time of retirement must have obtained a minimum combined number of total of age and years of service points. For retirements prior to July 1, 2001, the City provides a \$100/month stipend towards health insurance coverage to retirees paid by various funds. These benefits are provided by a contractual agreement and are paid annually by various funds. The amounts are recorded as an expenditure when the fund liability is incurred. The benefit amounts incurred totaled \$3,600 during the year ended June 30, 2006. There were three eligible retirees at June 30, 2006. For retirements after July 1, 2001, the City provides retiree health insurance coverage to retirees paid by the retiree health care fund. The amounts are recorded as expenditures when the fund liability is incurred. The benefit amounts incurred totaled \$118,973 during the year ended June 30, 2006. There were 25 eligible retirees at June 30, 2006.

Upcoming reporting change:

The Governmental Accounting Standards Board has recently released Statement No. 45, *Accounting and Reporting by Employers for Postemployment Benefits Other Than Pensions*. The new pronouncement provides guidance for local units of government in recognizing the cost of retiree health care, as well as any "other" postemployment benefits (other than pensions). The new rules will cause the government-wide financial statements to recognize the cost of providing retiree health care coverage over the working life of the employee, rather than at the time the health care premiums are paid. The new pronouncement is effective for the year ending June 30, 2009. Management is currently assessing the impact of this new accounting standard on the City's financial statement for future reporting periods.

B. Interfund receivables, payables, and transfers:

The composition of interfund balances as of June 30, 2006 is as follows:

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Major Street	\$ 111,297
	Local Street	83,366
	Capital Project - P-04-1	15
	Capital Project - SS-04-2	88
	Capital Project - P-04-2	8,543
	Capital Project - W-04-2	307
	Water Utility	26,625
	Sewer Utility	5,682
	Debt Service - SS-98-1	3

City of Burton
Notes to Financial Statements
June 30, 2006

II. Detail notes on all funds - (continued)

B. Interfund receivables, payables, and transfers: - (continued)

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Local Street	Major Street	81,589
Police Millage	General	196,844
Retire Healthcare	General	1,571
Rubbish Collection and Disposal	General	14,638
Building Department	General	12,193
Capital Improvement	General	11,450
Debt - W-91-1	Water	4,000
Water Utility	Sewer Utility	184,219
Information Technology	General	28,230
Motor Pool	General	49,429
	Major Street	33,332
	Local Street	23,518
	Police Millage	20,810
	Water Utility	16,696
	Sewer Utility	13,444
Self Insurance Health Care	General	<u>1,636</u>
Total		<u><u>\$929,525</u></u>

These balances result from the time lag between the dates that goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system, and payments between funds are made.

Interfund transfers reported in the fund financial statements are comprised of the following:

<u>Fund Providing Resources</u>	<u>Fund Receiving Resources</u>	<u>Amount</u>
General Fund	Building Authority Debt	\$ 118,844
General Fund	Capital Improvement Fund	11,450
General Fund	Police Fund	3,461,525
General Fund	Building Department Fund	21,616
General Fund	Motor Pool	58,500
General Fund	Debt P-89-3	9,407
General Fund	Debt P-89-4	7,444
Major Street Fund	Local Street Fund	494,127
Major Street Fund	Debt Service Fund	229,375
Police Fund	Building Authority Debt	106,448
Police Fund	Fang Fund	9,294
Debt P-89-5	General Fund	17,529
Debt P-90-1	General Fund	25,474
Debt P-93-2	General Fund	4,389
Debt P-93-3	General Fund	6,433
Debt P-93-5	General Fund	2,815

City of Burton
Notes to Financial Statements
June 30, 2006

II. Detail notes on all funds - (continued)

C. Interfund receivables and payables: - (continued)

Due to/from primary government and component units: - (continued)

Fund Providing <u>Resources</u>	Fund Receiving <u>Resources</u>	<u>Amount</u>
Debt P-93-6	General Fund	7,262
Debt P-93-7	General Fund	1,100
Debt W-85-1	Water Fund	17,019
Debt P-93-16	General Fund	9,010
Debt P-93-11	General Fund	3,853
Debt P-93-13	General Fund	3,041
Debt P-93-15	General Fund	4,718
Debt P-93-18	General Fund	1,775
Debt P-93-19	General Fund	1,265
Debt P-93-20	General Fund	1,891
Debt P-93-23	General Fund	3,421
Debt P-93-24	General Fund	890
Debt P-93-27	General Fund	10,383
Debt P-93-29	General Fund	789
Debt P-93-30	General Fund	2,697
Capital Project P-98-14	Debt P-98-14	329
Capital Project P-99-1	Major Street Fund	9,270
Capital Project P-99-1	Local Street Fund	9,270
Capital Project P-99-1	Debt P-99-1	1,695
Capital Project P-00-3	Major Street Fund	6,502
Capital Project P-00-3	Local Street Fund	6,501
Capital Project P-00-3	Debt P-00-3	7,562
Capital Project P-02-2	Major Street Fund	16,342
Capital Project P-02-2	Local Street Fund	16,341
Capital Project P-02-2	Debt P-02-2	3,870
Water Fund	Debt W-91-1	4,000
Motor Pool	Building Authority Debt	13,996
Capital Project W-03-1	Water	125
Capital Project W-04-1	Water	842
Capital Project W-04-2	Water	13,814
Capital Project SS-03-1	Sewer	125
Capital Project SS-04-1	Sewer	10,108
Capital Project SS-04-2	Sewer	13,680
Community Development	General	17,249
Community Development	Local Streets	214,225
		<u>\$5,019,630</u>

City of Burton
Notes to Financial Statements
June 30, 2006

II. Detail notes on all funds - (continued)

C. Interfund receivables and payables: - (continued)

The transfers from the General Fund to the Police Fund represent the use of unrestricted resources to finance that program, in accordance with budgetary authorizations; the transfer from the Major Street Fund to the Local Street Fund represents the sharing of gas and weight tax revenues, in accordance with Act 51; the transfer from the General Fund, Major Street Fund, and Police Fund to the Debt Service Funds represents the movement of resources to be used to service Major Street Fund debt and building authority debt.

III. Summary disclosure of significant contingencies and commitments

Contingent liabilities:

1. Federal programs

The City participates in various federally assisted programs. These programs are subject to compliance audits in accordance with the Single Audit Act. A single audit was required since the City expended more than \$500,000 in federal funds. The amount, if any, of expenditures which may be disallowed by the granting agency cannot be determined at this time, although, the City expects such amounts to be immaterial.

2. Special assessment projects

The City also is involved in many special assessment improvement projects, whereby property owners benefiting from the improvement are assessed their fair share of the project cost. In accordance with state law, project assessments that exceed total actual costs by more than 5% are required to be adjusted downward to actual cost. Property owners who may have paid the assessment in full are refunded their pro-rata share of the over-assessment. As of June 30, 2006, the determination of compliance with the 5% rule for several projects in progress had not yet been made. Management believes that the potential liability to the City for repayment of over-assessments, if any, would not materially affect the operations or financial condition of the City.

IV. Construction code revenues/expenditures

The State Construction Code Act, Michigan Public Act 245 of 1999, and rules promulgated by the Department of Treasury regarding that Act, require that a local unit's fees collected from construction code permits be accounted for in a method which shows that all of these fees were used for expenditures related to the operation of the enforcing agency. These rules allowed for monitoring these funds in a separate activity center within the General Fund if the expenditures would normally exceed revenues. The City chose to include the revenues and expenditures in a separate fund. The activity related to construction code activity for the year ended June 30, 2006 is as follows:

Beginning cumulative expenditures over revenues		\$ (76,008)
Construction permit revenue	342,578	
Expenditures:		
Professional services	<u>364,195</u>	
Revenue under expenditures		<u>(21,617)</u>
Ending cumulative expenditures over revenues		<u>\$ (97,625)</u>

City of Burton
Notes to Financial Statements
June 30, 2006

V. Federal awards

It is required by the Michigan Department of Transportation (MDOT) that governmental units report total federal awards for Highway Research, Planning and Construction pertaining to their unit. However, only the federal awards applicable to force account expenditures are required to be audited for compliance under the Single Audit Act. The reason for this requirement is that the City is required to have accounting and administrative control over the force account portion while the balance is administered by MDOT.

During the year ended June 30, 2006, the City of Burton had \$500,000 in total federal awards. As a result, an audit for compliance under the Single Audit Act has been performed.

VI. Budget compliance

The City incurred expenditures over amended budget amounts for the following legally adopted activities:

	<u>Amended Budget</u>	<u>Actual</u>	<u>Actual over Budget</u>
General Fund:			
City Council	\$310,560	\$318,835	\$ 8,275
Transfers Out	3,678,745	3,688,786	10,041
Police Millage Special Revenue:			
Capital Outlay	166,176	199,656	33,480
Transfers Out	106,448	115,742	9,294

**Required Supplementary
Information Section**

**City of Burton
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual
For the Year Ended June 30, 2006
With Comparative Actual Totals for the Year Ended June 30, 2005**

	2006				
	Budget Amounts			Variance- Under (Over)	2005 Actual
	Original	Final	Actual		
Revenues:					
Taxes	\$ 3,290,000	\$ 3,290,000	\$ 3,280,386	\$ (9,614)	\$ 3,135,929
Licenses and permits	284,750	284,750	289,725	4,975	290,134
Intergovernmental - federal	-	-	82,959	82,959	67,797
Intergovernmental - state	2,654,500	2,654,500	2,619,250	(35,250)	2,645,941
Charges for services	352,800	352,800	388,682	35,882	374,934
Fines and forfeits	125,000	125,000	187,636	62,636	186,170
Interest	15,000	15,000	67,585	52,585	26,360
Miscellaneous	37,000	50,600	61,606	11,006	49,895
Total revenues	6,759,050	6,772,650	6,977,829	205,179	6,777,160
Expenditures:					
General government:					
City council:					
Council salaries	\$ 68,750	\$ 67,000	\$ 67,000	\$ -	\$ 65,250
Fringe benefits	53,500	51,819	51,819	-	47,739
Board of review	2,000	1,750	1,750	-	1,875
Office supplies	955	1,258	1,258	-	434
Postage	250	-	-	-	8
Audit	15,000	14,700	14,700	-	10,960
Legal	40,000	61,000	66,060	(5,060)	39,325
Conference and workshop	9,000	10,267	10,267	-	11,322
Insurance and bonds	93,545	87,633	87,633	-	88,584
Contractual services	560	-	-	-	-
Notices	5,000	1,001	4,216	(3,215)	8,748
Membership and dues	15,000	13,786	13,786	-	14,308
Miscellaneous	1,000	346	346	-	269
Total city council	304,560	310,560	318,835	(8,275)	288,822
Mayor's office:					
Mayor's salary	75,000	74,810	74,287	523	72,001
Salaries	59,100	59,290	59,287	3	63,504
Fringe benefits	70,590	70,590	70,475	115	72,615
Office supplies and postage	5,625	5,625	4,618	1,007	4,096
Capital outlay	500	500	-	500	-
Contractual service	3,000	3,000	628	2,372	1,980
Auto repair	1,500	1,500	513	987	2,167
Gas and oil	1,500	1,500	1,063	437	854
Conference and workshop	5,000	5,000	2,754	2,246	7,640
Dues and membership	1,500	1,500	688	812	899
Miscellaneous	3,000	3,000	2,645	355	2,274
Total mayor's office	226,315	226,315	216,958	9,357	228,030

(continued)

**City of Burton
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual (continued)
For the Year Ended June 30, 2006
With Comparative Actual Totals for the Year Ended June 30, 2005**

General government: - (continued)	2006				2005 Actual
	Budget Amounts		Actual	Variance- Under (Over)	
	Original	Final			
Controller's department:					
Controller's salary	56,700	56,820	56,816	4	25,646
Salaries - permanent	74,405	74,405	74,390	15	105,567
Fringe benefits	92,000	89,930	80,259	9,671	83,812
Office supplies	8,300	10,800	10,787	13	2,513
Postage	400	100	88	12	102
Capital outlay	1,000	-	-	-	5,999
Conference and workshop	1,000	1,075	1,074	1	317
Contractual service	1,000	1,775	1,761	14	4,416
Membership and dues	500	400	315	85	370
Total controller's department	235,305	235,305	225,490	9,815	228,742
Assessor's department:					
Assessor's salary	70,590	70,590	70,587	3	36,488
Salaries - permanent	67,780	66,780	59,870	6,910	82,156
Fringe benefits	92,250	92,150	76,032	16,118	85,006
Office supplies	5,690	6,065	6,044	21	2,127
Postage	6,000	7,925	7,893	32	7,418
Capital outlay	700	700	-	700	3,197
Contractual service	2,000	9,100	8,841	259	35,877
Deed recording	1,200	1,775	1,773	2	1,640
Auto repair	1,000	1,100	1,090	10	763
Conference and workshop	1,500	1,500	1,393	107	548
Gas and oil	300	300	285	15	197
Auto wash	50	50	3	47	-
Economic development	500	375	-	375	8,000
Membership and dues	1,000	1,000	615	385	821
Equipment repair	200	200	-	200	110
Total assessor's department	250,760	259,610	234,426	25,184	264,348
Elections:					
Salaries - permanent	73,785	73,785	59,270	14,515	47,595
Fees per diem	41,610	41,610	24,386	17,224	29,566
Fringe benefits	77,440	77,440	46,043	31,397	34,169
Election supplies	6,380	8,400	8,398	2	3,694
Postage	4,000	4,000	2,250	1,750	2,669
Contractual service	8,000	6,000	3,774	2,226	6,024
Auto allowance	125	125	26	99	53
Conference and workshop	500	725	716	9	617
Notices	500	255	-	255	-
Equipment rental	1,000	1,000	726	274	1,050
Capital outlay	2,000	2,000	45,269	(43,269)	-
Total elections	215,340	215,340	190,858	24,482	125,437

(continued)

**City of Burton
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual (continued)
For the Year Ended June 30, 2006
With Comparative Actual Totals for the Year Ended June 30, 2005**

	2006				2005 Actual
	Budget Amounts		Actual	Variance- Under (Over)	
	Original	Final			
General government: - (continued)					
Clerk's department:					
Clerk's salary	56,550	56,765	56,762	3	55,453
Salaries - permanent	24,595	23,880	20,619	3,261	15,844
Fringe benefits	47,900	47,900	43,195	4,705	38,606
Office supplies	2,150	2,520	2,491	29	1,536
Postage	400	400	51	349	(15)
Contractual services	25	155	153	2	89
Conference and workshop	915	915	838	77	498
Dues and membership	350	350	225	125	245
Auto allowance	100	100	-	100	-
Miscellaneous	200	200	-	200	121
Capital outlay	1,000	1,000	-	1,000	-
Total clerk's department	134,185	134,185	124,334	9,851	112,377
Treasurer's department:					
Treasurer's salary	56,615	56,675	56,669	6	25,646
Salaries - permanent	67,225	67,225	64,385	2,840	96,276
Fringe benefits	74,870	72,685	62,974	9,711	69,822
Office supplies	2,785	4,260	4,260	-	1,652
Postage	9,000	10,725	10,708	17	10,749
Capital outlay	1,000	-	-	-	419
Contractual service	6,000	5,625	5,625	-	5,914
Tax roll expense	16,500	16,976	16,976	-	15,759
Conference and workshop	1,000	824	809	15	422
Total treasurer's department	234,995	234,995	222,406	12,589	226,659
City hall and grounds:					
Salaries	30,700	30,700	29,089	1,611	70,218
Fringe benefits	22,500	22,500	17,030	5,470	37,684
Office supplies	46,950	49,925	49,914	11	8,233
Building maint. and supplies	28,000	27,000	10,951	16,049	14,568
Capital outlay	-	-	-	-	2,348
Contractual services	15,000	11,000	8,452	2,548	25,429
Janitorial service	18,000	25,925	25,917	8	17,520
Utilities	47,000	45,500	35,536	9,964	33,910
Maintenance of grounds	3,500	3,500	2,546	954	2,731
Building insurance	3,000	3,000	2,819	181	2,849
Equipment rental	7,500	7,500	6,970	530	8,233
Total city hall and grounds	222,150	226,550	189,224	37,326	223,723

(continued)

**City of Burton
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual (continued)
For the Year Ended June 30, 2006
With Comparative Actual Totals for the Year Ended June 30, 2005**

	2006				
	Budget Amounts			Variance-	2005
	Original	Final	Actual	Under	Actual
				(Over)	
General government: - (continued)					
Other city property:					
Salaries	6,835	6,280	6,280	-	6,670
Coordinator salary	50,100	50,238	50,238	-	49,130
Fringe benefits	42,200	36,545	36,545	-	36,571
Supplies	16,550	17,506	17,506	-	14,204
Contractual service	11,000	20,675	20,675	-	11,958
Utilities	22,000	24,232	24,232	-	21,426
Repair and maintenance	14,000	10,304	10,304	-	10,580
Equipment rental	8,000	12,981	12,981	-	10,117
Building insurance	2,325	2,224	2,224	-	2,248
Conference and workshop	1,000	223	223	-	1,040
Capital outlay	3,000	-	-	-	300
Sewer payments	2,500	2,237	2,237	-	1,684
Total other city property	179,510	183,445	183,445	-	165,928
Total general government	2,003,120	2,026,305	1,905,976	120,329	1,864,066
Public safety:					
Fire department:					
Fire Chief salary	57,295	57,515	57,515	-	56,189
Salaries - permanent	78,075	80,781	80,781	-	78,712
Part-time firemen	211,315	186,098	148,472	37,626	162,127
Fringe benefits	114,625	124,636	124,636	-	136,552
Uniforms	15,000	10,215	9,881	334	9,388
Operating supplies	25,005	36,976	36,976	-	18,584
Contractual services	6,000	2,350	2,039	311	10,364
Building supplies and maint.	14,500	19,749	19,749	-	18,879
Equipment repair	6,500	5,877	5,877	-	4,412
Truck repair	15,000	9,889	9,889	-	15,004
Conference and workshop	7,500	7,200	7,176	24	10,021
Gas and oil	10,000	12,283	12,283	-	13,580
Utilities	32,000	33,599	33,599	-	28,859
Sewer payments	3,500	2,977	2,977	-	2,616
Miscellaneous	1,500	2,900	2,837	63	418
Dues and membership	4,500	4,925	4,916	9	3,853
Building insurance	2,250	1,920	1,917	3	1,937
Truck insurance and liability	17,000	15,985	15,983	2	16,156
Training	5,700	5,510	5,510	-	6,265
Equipment rental	8,000	11,239	11,239	-	8,672
Prevention	6,500	4,780	4,676	104	6,352
Capital outlay	69,890	133,251	133,251	-	124,582
Total fire department	711,655	770,655	732,179	38,476	733,522
Total public safety	711,655	770,655	732,179	38,476	733,522

(continued)

**City of Burton
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual (continued)
For the Year Ended June 30, 2006
With Comparative Actual Totals for the Year Ended June 30, 2005**

2006					
Budget Amounts			Variance- Under (Over)	2005 Actual	
Original	Final	Actual			
Public service:					
Capital outlay	-	-	-	-	19,385
Weed cutting	30,000	32,065	32,064	1	33,051
Drains at large	55,000	72,667	72,656	11	40,407
Street lighting	335,000	335,670	335,670	-	325,343
Memorial Day parade	20,000	30,100	30,097	3	28,163
Tree Lighting Ceremony	500	-	-	-	-
Holiday decorations	2,000	2,000	2,000	-	1,000
Disaster aid	500	388	388	-	388
Total public service					
	443,000	472,890	472,875	15	447,737
Parks and recreation					
Salaries permanent	600	100	16	84	130
Fringe benefits	85	585	572	13	881
Operating supplies	5,225	5,225	4,273	952	2,009
Equipment rental	9,000	9,000	6,977	2,023	6,774
Maintenance of grounds	20,000	15,238	10,942	4,296	14,694
Commission	5,000	10,310	10,310	-	10,085
Park projects	18,000	5,978	5,978	-	-
Miscellaneous	5,000	5,024	5,017	7	713
Total parks and recreation					
	62,910	51,460	44,085	7,375	35,286
Planning:					
Zoning and planning commission					
Salaries	26,000	26,000	24,815	1,185	25,678
Fringe benefits	14,750	14,750	13,128	1,622	13,376
Supplies and postage	1,000	1,000	570	430	720
Notices	1,585	1,585	221	1,364	1,112
Contractual services	5,000	5,000	-	5,000	4,836
Conference and workshop	500	500	-	500	80
Total zoning and planning					
	48,835	48,835	38,734	10,101	45,802
Zoning appeal board:					
Salaries	25,600	25,600	24,789	811	25,883
Fringe benefits	14,700	14,700	13,071	1,629	13,389
Supplies and postage	1,500	1,500	923	577	1,106
Contractual services	500	500	-	500	-
Conference and workshop	500	500	100	400	80
Notices	3,585	3,585	401	3,184	3,828
Total zoning appeal board					
	46,385	46,385	39,284	7,101	44,286
Total planning					
	95,220	95,220	78,018	17,202	90,088

(continued)

City of Burton
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual (continued)
For the Year Ended June 30, 2006
With Comparative Actual Totals for the Year Ended June 30, 2005

	2006				
	Budget Amounts			Variance- Under (Over)	2005 Actual
	Original	Final	Actual		
Total expenditures	3,315,905	3,416,530	3,233,133	183,397	3,170,699
Excess (deficiency) of revenues over expenditures	3,443,145	3,356,120	3,744,696	388,576	3,606,461
Other financing sources (uses)					
Sale of property and equipment	10,000	10,000	22,480	12,480	3,124
Transfers in	17,250	17,250	125,984	108,734	57,645
Transfers out	(3,474,395)	(3,678,745)	(3,688,786)	(10,041)	(3,512,589)
Total other financing sources (uses)	(3,447,145)	(3,651,495)	(3,540,322)	111,173	(3,451,820)
Net change in fund balances	(4,000)	(295,375)	204,374	499,749	154,641
Fund balances - beginning of year	1,875,235	1,875,235	1,875,235	-	1,720,594
Fund balances - end of year	\$ 1,871,235	\$ 1,579,860	\$ 2,079,609	\$ 499,749	\$ 1,875,235

City of Burton
Major Street Special Revenue Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2006
With Comparative Actual Amounts for the Year Ended June 30, 2005

	2006				
	Budget Amounts			Variance Under (Over)	2005 Actual
	Original	Final	Actual		
Revenues:					
Intergovernmental revenue					
Federal	\$ 774,085	\$1,522,515	\$ 79,593	\$(1,442,922)	\$ 208,421
State	2,152,425	2,152,425	2,045,542	(106,883)	2,052,794
Interest	30,000	30,000	71,246	41,246	33,785
Miscellaneous	-	2,500	3,321	821	163
Total revenues	2,956,510	3,707,440	2,199,702	(1,507,738)	2,295,163
Expenditures:					
Current:					
Public works:					
Highways and streets:					
Surface maintenance	354,475	337,775	353,871	(16,096)	304,529
Trees and shrubs	36,750	29,655	27,847	1,808	22,543
Drainage	132,950	128,950	127,721	1,229	150,064
Roadside cleanup	34,625	37,045	38,884	(1,839)	18,312
Grass and weeds	0	0	-	-	9,547
Traffic signs and controls	150,950	144,612	104,734	39,878	98,537
Pavement marking	62,500	64,475	64,451	24	84,237
Winter maintenance	272,275	229,305	181,728	47,577	207,746
Administration	91,515	94,198	64,081	30,117	94,752
Total public works	1,136,040	1,066,015	963,317	102,698	990,267
Capital outlay	1,087,379	3,253,539	561,847	2,691,692	645,200
Total expenditures	2,223,419	4,319,554	1,525,164	2,794,390	1,635,467
Excess (deficiency) of revenues over expenditures	733,091	(612,114)	674,538	1,286,652	659,696
Other financing sources (uses)					
Transfers in	-	-	32,113	32,113	-
Transfers out	(761,225)	(761,250)	(723,502)	37,748	(736,404)
Total other financing sources (uses)	(761,225)	(761,250)	(691,389)	69,861	(736,404)
Net change in fund balances	(28,134)	(1,373,364)	(16,851)	1,356,513	(76,708)
Fund balances - beginning of year	1,788,620	1,788,620	1,788,620	-	1,865,328
Fund balances - end of year	\$ 1,760,486	\$ 415,256	\$ 1,771,769	\$ 1,356,513	\$ 1,788,620

City of Burton
Local Street Special Revenue Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2006
With Comparative Actual Amounts for the Year Ended June 30, 2005

	2006			Variance	
	Budget Amounts			Under	2005
	Original	Final	Actual	(Over)	Actual
Revenues:					
Intergovernmental revenue					
Federal	\$ -	\$ -	\$ -	\$ -	\$ 608
State	641,245	641,245	598,117	(43,128)	627,436
Interest	19,500	19,500	64,039	44,539	25,898
Miscellaneous	1,000	3,500	4,261	761	115
Total revenues	661,745	664,245	666,417	2,172	654,057
Expenditures:					
Current:					
Public works:					
Highways and streets:					
Surface maintenance	461,425	277,625	272,886	4,739	243,073
Trees and shrubs	51,400	51,400	42,316	9,084	37,698
Drainage	185,875	187,875	186,888	987	132,948
Roadside cleanup	12,025	12,025	7,069	4,956	7,727
Grass and weeds	-	-	-	-	1,306
Traffic signs and controls	79,800	79,800	29,133	50,667	13,817
Winter maintenance	242,800	200,195	159,150	41,045	195,483
Administration	95,540	119,945	64,071	55,874	109,005
Total public works	1,128,865	928,865	761,513	167,352	741,057
Capital outlay	221,141	739,469	633,739	105,730	40,158
Total expenditures	1,350,006	1,668,334	1,395,252	273,082	781,215
Excess (deficiency) of revenues: over expenditures	(688,261)	(1,004,089)	(728,835)	275,254	(127,158)
Other financing sources (uses)					
Transfers in	753,016	746,344	740,465	(5,879)	540,687
Net change in fund balances	64,755	(257,745)	11,630	269,375	413,529
Fund balances - beginning of year	1,574,401	1,574,401	1,574,401	-	1,160,872
Fund balances - end of year	\$1,639,156	\$1,316,656	\$ 1,586,031	\$ 269,375	\$1,574,401

City of Burton
Police Millage Special Revenue Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2006
With Comparative Actual Amounts for the Year Ended June 30, 2005

	2006					
	Budget Amounts			Variance	2005	
	Original	Final	Actual	Under (Over)	Actual	
Revenues:						
Taxes	\$ 690,300	\$ 690,300	\$ 688,337	\$ (1,963)	\$ 657,570	
Intergovernmental revenue						
Federal	75,000	108,541	141,763	33,222	46,831	
State	13,100	13,100	14,467	1,367	13,172	
Local	30,000	30,000	28,713	(1,287)	27,886	
Charges for services - contracts	56,000	56,000	56,779	779	57,542	
Interest	5,500	5,500	7,000	1,500	4,047	
Fines and forfeits:						
Forfeitures and other	26,500	26,500	27,294	794	28,296	
Ordinance fines	160,000	160,000	97,273	(62,727)	142,861	

(continued)

City of Burton
Police Millage Special Revenue Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual (continued)
For the Year Ended June 30, 2006
With Comparative Actual Amounts for the Year Ended June 30, 2005

2006					
Budget Amounts			Variance	2005	
Original	Final	Actual	Under (Over)	Actual	
Dues and membership	1,000	1,525	1,511	14	843
Training	15,000	10,725	10,715	10	12,940
Equipment rental	6,000	8,825	8,807	18	6,702
Narcotics investigation	15,000	23,216	23,209	7	10,056
Total public safety	4,163,545	4,251,712	4,207,753	43,959	4,025,097
Capital outlay	36,000	166,176	199,656	(33,480)	78,832
Total expenditures	4,199,545	4,417,888	4,407,409	10,479	4,103,929
Deficiency of revenues over expenditures	(3,143,145)	(3,327,947)	(3,345,783)	(17,836)	(3,125,724)
Other financing sources (uses)					
Transfers in	3,256,895	3,434,395	3,461,525	27,130	3,276,379
Transfers out	(113,750)	(106,448)	(115,742)	(9,294)	(150,655)
Total other financing sources	3,143,145	3,327,947	3,345,783	17,836	3,125,724
Net change in fund balances:	-	-	-	-	-
Fund balances - beginning of year:	11,313	11,313	11,313	-	11,313
Fund balances - end of year:	\$ 11,313	\$ 11,313	\$ 11,313	\$ - 0 -	\$ 11,313

City of Burton
Notes to Required Supplementary Information
June 30, 2006

Summary of Significant Accounting Policies – Schedules of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual

The budgets for the General Fund and the Major Streets, the Local Streets, and the Police Special Revenue Funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America.

The budget document presents information by fund, function, department, and line items. The legal level of budgetary control adopted by the governing body is the department level.

Other Supplemental Information

Nonmajor Governmental Funds

General Fund

To account for resources traditionally associated with governments, which are not required to be accounted for in another fund.

**City of Burton
General Fund
Balance Sheets
June 30, 2006 and 2005**

	<u>2006</u>	<u>2005</u>
Assets		
Cash and cash equivalents	\$ 791,414	\$ 958,057
Accounts receivable	467,350	312,566
Due from:		
Other funds	235,926	119,138
Other governments	861,024	863,631
Component units	-	1,113
Prepaid items	445,906	454,279
	<hr/>	<hr/>
Total assets	\$ 2,801,620	\$ 2,708,784
	<hr/> <hr/>	<hr/> <hr/>
Liabilities and Fund Balance		
Liabilities:		
Accounts payable	\$ 64,469	\$ 68,188
Accrued liabilities	62,266	42,019
Deposits	279,285	312,403
Due to other funds	315,991	410,939
	<hr/>	<hr/>
Total liabilities	722,011	833,549
	<hr/>	<hr/>
Fund balance:		
Reserved for prepaid items	445,906	454,279
Unreserved:		
Undesignated	1,633,703	1,420,956
	<hr/>	<hr/>
Total fund balance	2,079,609	1,875,235
	<hr/>	<hr/>
Total liabilities and fund balance	\$ 2,801,620	\$ 2,708,784
	<hr/> <hr/>	<hr/> <hr/>

Special Revenue Funds

Major Funds:

Major and Local Street Funds - To account for the operations of the City's street maintenance department. Financing for the activities of these funds is provided primarily by State Gasoline Taxes (Act 51 Funds). Use of Act 51 funds is restricted with certain exceptions to defraying the cost of maintaining major and local streets in the City.

Police Millage Fund - To account for revenues generated by the extra voted police millage. An additional one mill was levied, beginning in 1984, against the real and personal property in the City of Burton for the purpose of providing funds for the operation of the City of Burton Police Department.

City of Burton
Major Street Special Revenue Fund
Balance Sheets
June 30, 2006 and 2005

	<u>2006</u>	<u>2005</u>
Assets		
Cash and cash equivalents	\$ 1,691,547	\$ 1,555,854
Accrued interest	5,234	2,557
Due from other government:	<u>366,021</u>	<u>383,284</u>
Total assets	<u><u>\$ 2,062,802</u></u>	<u><u>\$ 1,941,695</u></u>
 Liabilities and Fund Balance		
Liabilities:		
Accounts payable	\$ 53,067	\$ 27,251
Accrued liabilities	11,748	10,502
Due to other funds	<u>226,218</u>	<u>115,322</u>
Total liabilities	291,033	153,075
Fund balance:		
Unreserved - undesignated	<u>1,771,769</u>	<u>1,788,620</u>
Total liabilities and fund balance	<u><u>\$ 2,062,802</u></u>	<u><u>\$ 1,941,695</u></u>

City of Burton
Local Street Special Revenue Fund
Balance Sheets
June 30, 2006 and 2005

	<u>2006</u>	<u>2005</u>
Assets		
Cash and cash equivalents	\$ 1,530,810	\$ 1,402,245
Accounts receivable	9,108	81,795
Accrued interest	5,938	2,897
Due from other funds	81,589	80,960
Due from other government:	91,130	89,503
	<hr/>	<hr/>
Total assets	\$ 1,718,575	\$ 1,657,400
	<hr/> <hr/>	<hr/> <hr/>
 Liabilities and Fund Balance		
Liabilities:		
Accounts payable	\$ 12,269	\$ 16,642
Accrued liabilities	13,391	11,968
Due to other funds	106,884	54,389
	<hr/>	<hr/>
Total liabilities	132,544	82,999
 Fund balance:		
Unreserved - undesignated	1,586,031	1,574,401
	<hr/>	<hr/>
Total liabilities and fund balance	\$ 1,718,575	\$ 1,657,400
	<hr/> <hr/>	<hr/> <hr/>

City of Burton
Police Millage Special Revenue Fund
Balance Sheets
June 30, 2006 and 2005

	<u>2006</u>	<u>2005</u>
Assets		
Cash and cash equivalents		
Unrestricted	\$ 75,208	\$ 158,921
Restricted	8,631	35,510
Due from other funds	196,844	98,312
Due from other government	67,816	64,543
Inventory	4,855	1,910
	<hr/>	<hr/>
Total assets	\$ 353,354	\$ 359,196
	<hr/>	<hr/>
Liabilities and Fund Balance		
Liabilities:		
Accounts payable	\$ 117,464	\$ 131,499
Accrued liabilities	195,136	165,741
Due to other funds	20,810	16,374
Deferred revenue	8,631	34,269
	<hr/>	<hr/>
Total liabilities	342,041	347,883
Fund balance:		
Reserved for inventory	4,855	1,910
Unreserved - undesignated	6,458	9,403
	<hr/>	<hr/>
Total fund balance	11,313	11,313
	<hr/>	<hr/>
Total liabilities and fund balance	\$ 353,354	\$ 359,196
	<hr/>	<hr/>

City of Burton
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2006

	Special Revenue	Debt Service	Capital Projects	Total Nonmajor Governmental Funds
Assets				
Cash and cash equivalents:				
Unrestricted	\$ 36,452	\$ 3,065,983	\$ 581,595	\$ 3,684,030
Investments:	993,831	-	-	993,831
Receivables:				
Accounts	3,127	-	-	3,127
Special assessments	-	2,736,700	-	2,736,700
Accrued interest	-	130,895	-	130,895
Due from other funds:	39,852	4,000	-	43,852
Due from other government:	-	-	-	-
Total assets	\$ 1,073,262	\$ 5,937,578	\$ 581,595	\$ 7,592,435
Liabilities and Fund Balance				
Liabilities:				
Accounts payable	\$ 6,524	\$ 308	\$ -	\$ 6,832
Accrued liabilities	5,021	-	-	5,021
Due to other funds	-	3	8,953	8,956
Deferred revenue	-	2,736,700	-	2,736,700
Total liabilities	11,545	2,737,011	8,953	2,757,509
Fund balances:				
Unreserved:				
Undesignated	1,061,717	3,200,567	572,642	4,834,926
Total fund balances	1,061,717	3,200,567	572,642	4,834,926
Total liabilities and fund balances	\$ 1,073,262	\$ 5,937,578	\$ 581,595	\$ 7,592,435

City of Burton
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2006

	Special Revenue	Debt Service	Capital Projects	Total Nonmajor Governmental Funds
Revenues:				
Taxes	\$ -	\$ 454,387	\$ -	\$ 454,387
Special assessments	-	787,799	-	787,799
Licenses and permits	274,993	-	-	274,993
Intergovernmental revenue				
Federal	359,993	-	-	359,993
State	-	10,905	-	10,905
Local	110,706	-	-	110,706
Charges for services	1,656,983	-	-	1,656,983
Net investment income	52,651	-	-	52,651
Interest	34,596	257,603	30,365	322,564
Miscellaneous	8,638	-	-	8,638
Total revenues	2,498,560	1,510,694	30,365	4,039,619
Expenditures:				
Current:				
General government	126,281	-	-	126,281
Public service	1,360,628	-	-	1,360,628
Public safety	604,196	-	-	604,196
Capital outlay	1,180	-	92,087	93,267
Debt service:				
Principal retirement	-	1,657,840	-	1,657,840
Interest and fiscal charges	-	463,046	-	463,046
Total expenditures	2,092,285	2,120,886	92,087	4,305,258
Excess (deficiency) of revenues over expenditures	406,275	(610,192)	(61,722)	(265,639)
Other financing sources (uses)				
Transfers in	42,360	502,971	-	545,331
Transfers out	(231,474)	(125,754)	(116,376)	(473,604)
Total other financing sources (uses)	(189,114)	377,217	(116,376)	71,727
Net change in fund balances:	217,161	(232,975)	(178,098)	(193,912)
Fund balances - beginning of year	844,556	3,433,542	750,740	5,028,838
Fund balances - end of year	\$ 1,061,717	\$ 3,200,567	\$ 572,642	\$ 4,834,926

Special Revenue Funds

Nonmajor Funds:

F.A.N.G. Grant Fund - To account for the federal grant passed through to the Flint Area Narcotics Council for the purpose of assisting in the efforts to eliminate drug trafficking in Genesee County.

Retiree Health Care Fund – To account for charges for services to other funds which are to be used to pay retiree health care benefits.

Rubbish Collection and Disposal Fund - To account for the customer charges which are to be used to pay contracted services for rubbish collection.

Building Department Fund – To account for revenues and expenditures related to the Building Department activities.

Community Development Block Grant Program Fund - To account for revenues earned and expenditures incurred by the City as a sub-grantee of the Community Development Block Grant Program. The program includes projects for street paving, sidewalk construction, waterline improvements, and other capital outlay.

Capital Improvement Fund - To account for non-tax revenues set aside for capital projects. Expenditures in this fund are limited to capital projects or large capital purchases. Expenditures include, but are not limited to, municipal buildings, public safety vehicles, and equipment.

City of Burton
Nonmajor Special Revenue Funds
Combining Balance Sheet
June 30, 2006

	F.A.N.G. Grant	Retiree Health Care	Rubbish Collection and Disposal
Assets			
Cash and cash equivalents:			
Unrestricted	\$ -	\$ -	\$ -
Investments	-	993,831	-
Accounts receivable	-	-	629
Due from other funds	-	1,571	14,638
Total assets	<u>\$ - 0 -</u>	<u>\$ 995,402</u>	<u>\$ 15,267</u>
Liabilities and Fund Balance			
Liabilities:			
Accounts payable	\$ -	\$ 1,854	\$ -
Accrued liabilities	-	-	-
Total liabilities	<u>-</u>	<u>1,854</u>	<u>-</u>
Fund balances:			
Unreserved:			
Undesignated	-	993,548	15,267
Total fund balances	<u>-</u>	<u>993,548</u>	<u>15,267</u>
Total liabilities and fund balances	<u>\$ - 0 -</u>	<u>\$ 995,402</u>	<u>\$ 15,267</u>

Building Department	Community Development	Capital Improvement	T o t a l s
\$ -	\$ -	\$ 36,452	\$ 36,452
-	-	-	993,831
2,498	-	-	3,127
12,193	-	11,450	39,852
\$ 14,691	\$ - 0 -	\$ 47,902	\$ 1,073,262

\$ 4,670	\$ -	\$ -	\$ 6,524
5,021	-	-	5,021
9,691	-	-	11,545

5,000	-	47,902	1,061,717
5,000	-	47,902	1,061,717
\$ 14,691	\$ - 0 -	\$ 47,902	\$ 1,073,262

City of Burton
Nonmajor Special Revenue Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2006

	F.A.N.G. Grant	Retiree Health Care	Rubbish Collection and Disposal
Revenues:			
Licenses and permits	\$ -	\$ -	\$ -
Intergovernmental revenue			
Federal	120,002	-	-
Local	110,706	-	-
Charges for services	-	245,347	1,352,689
Net investment income	-	52,651	-
Interest	-	25,856	8,092
Miscellaneous	-	-	-
Total revenues	230,708	323,854	1,360,781
Expenditures:			
Current:			
General government	-	126,281	-
Public service	-	-	1,352,111
Public safety	240,002	-	-
Capital outlay	-	-	-
Total expenditures	240,002	126,281	1,352,111
Excess (deficiency) of revenues over expenditures	(9,294)	197,573	8,670
Other financing sources (uses)			
Transfers in	9,294	-	-
Transfers out	-	-	-
Total other financing sources (uses)	9,294	-	-
Net change in fund balances	-	197,573	8,670
Fund balances - beginning of year	-	795,975	6,597
Fund balances - end of year	\$ - 0 -	\$ 993,548	\$ 15,267

Building Department	Community Development	Capital Improvement	T o t a l s
\$ 274,993	\$ -	\$ -	\$ 274,993
-	239,991	-	359,993
-	-	-	110,706
58,947	-	-	1,656,983
-	-	-	52,651
-	-	648	34,596
8,638	-	-	8,638
342,578	239,991	648	2,498,560
-	-	-	126,281
-	8,517	-	1,360,628
364,194	-	-	604,196
-	-	1,180	1,180
364,194	8,517	1,180	2,092,285
(21,616)	231,474	(532)	406,275
21,616	-	11,450	42,360
-	(231,474)	-	(231,474)
21,616	(231,474)	11,450	(189,114)
-	-	10,918	217,161
5,000	-	36,984	844,556
\$ 5,000	\$ - 0 -	\$ 47,902	\$ 1,061,717

City of Burton
Nonmajor Special Revenue Funds
Combining Schedules of Revenues, Expenditures, and Changes
in Fund Balances - Budget and Actual
For the Year Ended June 30, 2006

	Retiree Health Care			
	Budget Amounts			Variance- Under (Over)
	Original	Final	Actual	
Revenues:				
Licenses and permits	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue				
Federal	-	-	-	-
Local	-	-	-	-
Charges for services	275,000	275,000	245,347	(29,653)
Net investment income (loss)	-	(14,175)	52,651	66,826
Interest	9,500	9,500	25,856	16,356
Miscellaneous	-	-	-	-
Total revenues	284,500	270,325	323,854	53,529
Expenditures:				
Current:				
General government	110,250	132,350	126,281	6,069
Public service	-	-	-	-
Public safety	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	110,250	132,350	126,281	6,069
Excess (deficiency) of revenues over expenditures	174,250	137,975	197,573	59,598
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances:	174,250	137,975	197,573	59,598
Fund balances - beginning of year:	795,975	795,975	795,975	-
Fund balances - end of year:	\$ 970,225	\$ 933,950	\$ 993,548	\$ 59,598

Rubbish Collection and Disposal				Building Department			
Budget Amounts		Actual	Variance- Under (Over)	Budget Amounts		Actual	Variance- Under (Over)
Original	Final			Original	Final		
\$ -	\$ -	\$ -	\$ -	\$ 300,000	\$ 300,000	\$ 274,993	\$ (25,007)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
1,345,600	1,345,600	1,352,689	7,089	51,500	51,500	58,947	7,447
-	-	-	-	-	-	-	-
5,000	5,000	8,092	3,092	-	-	-	-
-	-	-	-	5,000	5,000	8,638	3,638
1,350,600	1,350,600	1,360,781	10,181	356,500	356,500	342,578	(13,922)
-	-	-	-	-	-	-	-
1,350,600	1,352,125	1,352,111	14	-	-	-	-
-	-	-	-	391,395	392,395	364,194	28,201
-	-	-	-	1,000	-	-	-
1,350,600	1,352,125	1,352,111	14	392,395	392,395	364,194	28,201
-	(1,525)	8,670	10,195	(35,895)	(35,895)	(21,616)	14,279
-	-	-	-	35,895	35,895	21,616	(14,279)
-	-	-	-	-	-	-	-
-	-	-	-	35,895	35,895	21,616	(14,279)
-	(1,525)	8,670	10,195	-	-	-	-
6,597	6,597	6,597	-	5,000	5,000	5,000	-
\$ 6,597	\$ 5,072	\$ 15,267	\$ 10,195	\$ 5,000	\$ 5,000	\$ 5,000	\$ - 0 -

(continued)

City of Burton
Nonmajor Special Revenue Funds
Combining Schedules of Revenues, Expenditures, and Changes
in Fund Balances - Budget and Actual (continued)
For the Year Ended June 30, 2006

	Community Development			
	Budget Amounts		Actual	Variance- Under (Over)
	Original	Final		
Revenues:				
Licenses and permits	\$ -	\$ -	-	\$ -
Intergovernmental revenue				
Federal	333,730	333,730	239,991	(93,739)
Local	-	-	-	-
Charges for services	-	-	-	-
Net investment income (loss)	-	-	-	-
Interest	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	333,730	333,730	239,991	(93,739)
Expenditures:				
Current:				
General government	-	-	-	-
Public service	44,848	44,848	8,517	36,331
Public safety	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	44,848	44,848	8,517	36,331
Excess (deficiency) of revenues over expenditures	288,882	288,882	231,474	(57,408)
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	(288,882)	(288,882)	(231,474)	57,408
Total other financing sources (uses)	(288,882)	(288,882)	(231,474)	57,408
Net change in fund balances	-	-	-	-
Fund balances - beginning of year	-	-	-	-
Fund balances - end of year	\$ -	\$ -	\$ - 0 -	\$ - 0 -

Capital Improvemen			
Budget Amounts		Actual	Variance- Under (Over)
Original	Final		
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
-	-	-	-
200	(200)	648	848
-	-	-	-
200	(200)	648	848
-	-	-	-
-	-	-	-
-	-	-	-
17,191	48,634	1,180	47,454
17,191	48,634	1,180	47,454
(16,991)	(48,834)	(532)	48,302
-	(11,450)	11,450	22,900
-	-	-	-
-	(11,450)	11,450	22,900
(16,991)	(60,284)	10,918	71,202
36,984	36,984	36,984	-
\$ 19,993	\$ (23,300)	\$ 47,902	\$ 71,202

City of Burton
F.A.N.G. Grant Special Revenue Fund
Balance Sheets
June 30, 2006 and 2005

	<u>2006</u>	<u>2005</u>
Assets		
Due from other government:	\$ -	\$ 85,403
Total assets	<u>\$ -</u>	<u>\$ 85,403</u>
 Liabilities and Fund Balance		
Liabilities:		
Accounts payable	\$ -	\$ 79,535
Due to other funds	<u>-</u>	<u>5,868</u>
Total liabilities	-	85,403
 Fund balance:		
Unreserved	<u>-</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ -</u>	<u>\$ 85,403</u>

City of Burton
F.A.N.G. Grant Special Revenue Fund
Statements of Revenues, Expenditures, and
Changes in Fund Balances
For the Years Ended June 30, 2006 and 2005

	<u>2006</u>	<u>2005</u>
Revenues:		
Intergovernmental revenue		
Federal	\$ 120,002	\$ 481,259
Local	110,706	446,294
	<hr/>	<hr/>
Total revenues	230,708	927,553
 Expenditures:		
Public safety	240,002	962,521
	<hr/>	<hr/>
 Deficiency of revenues over expenditures	(9,294)	(34,968)
 Other financing sources		
Transfers in	9,294	34,968
	<hr/>	<hr/>
Net change in fund balances:	-	-
 Fund balances - beginning of year	-	-
	<hr/>	<hr/>
Fund balances - end of year	<u><u>\$ - 0 -</u></u>	<u><u>\$ - 0 -</u></u>

City of Burton
Retiree Health Care Special Revenue Fund
Balance Sheets
June 30, 2006 and 2005

	<u>2006</u>	<u>2005</u>
Assets		
Investments	\$ 993,831	\$ 796,171
Due from other funds	<u>1,571</u>	<u>1,013</u>
Total assets	<u><u>\$ 995,402</u></u>	<u><u>\$ 797,184</u></u>
 Liabilities and Fund Balance		
Liabilities:		
Accounts payable	<u>\$ 1,854</u>	<u>\$ 1,209</u>
Total liabilities	<u>1,854</u>	<u>1,209</u>
 Fund balance:		
Unreserved	<u>993,548</u>	<u>795,975</u>
Total liabilities and fund balance	<u><u>\$ 995,402</u></u>	<u><u>\$ 797,184</u></u>

City of Burton
Retiree Health Care Special Revenue Fund
Statements of Revenues, Expenditures, and
Changes in Fund Balances
For the Years Ended June 30, 2006 and 2005

	<u>2006</u>	<u>2005</u>
Revenues:		
Charges for services	\$ 245,347	\$ 247,840
Net investment income	52,651	30,546
Interest	25,856	16,520
	<hr/>	<hr/>
Total revenues	323,854	294,906
Expenditures:		
General government	126,281	81,286
	<hr/>	<hr/>
Net change in fund balances	197,573	213,620
Fund balances - beginning of year	<hr/> 795,975	<hr/> 582,355
Fund balances - end of year	<hr/> \$ 993,548 <hr/>	<hr/> \$ 795,975 <hr/>

City of Burton
Rubbish Collection and Disposal Special Revenue Fund
Balance Sheets
June 30, 2006 and 2005

	<u>2006</u>	<u>2005</u>
Assets		
Accounts receivable	\$ 629	\$ 1,379
Due from other funds	<u>14,638</u>	<u>5,218</u>
Total assets	<u><u>\$ 15,267</u></u>	<u><u>\$ 6,597</u></u>
Fund Balance		
Fund balance:		
Unreserved	<u><u>\$ 15,267</u></u>	<u><u>\$ 6,597</u></u>

City of Burton
Rubbish Collection and Disposal Special Revenue Fund
Statements of Revenues, Expenditures, and
Changes in Fund Balances
For the Years Ended June 30, 2006 and 2005

	<u>2006</u>	<u>2005</u>
Revenues:		
Charges for services	\$ 1,352,689	\$ 1,309,194
Interest	8,092	3,259
	<hr/>	<hr/>
Total revenues	1,360,781	1,312,453
Expenditures:		
Public service	1,352,111	1,306,720
	<hr/>	<hr/>
Net change in fund balances	8,670	5,733
Fund balances - beginning of year	<hr/> 6,597	<hr/> 864
Fund balances - end of year	<hr/> \$ 15,267 <hr/>	<hr/> \$ 6,597 <hr/>

City of Burton
Building Department Special Revenue Fund
Balance Sheets
June 30, 2006 and 2005

	<u>2006</u>	<u>2005</u>
Assets		
Accounts receivable	\$ 2,498	\$ 2,692
Due from other funds	<u>12,193</u>	<u>18,561</u>
Total assets	<u><u>\$ 14,691</u></u>	<u><u>\$ 21,253</u></u>
 Liabilities and Fund Balance		
Liabilities:		
Accounts payable	\$ 4,670	\$ 12,818
Accrued liabilities	<u>5,021</u>	<u>3,435</u>
Total liabilities	9,691	16,253
 Fund balance:		
Unreserved	<u>5,000</u>	<u>5,000</u>
Total liabilities and fund balance	<u><u>\$ 14,691</u></u>	<u><u>\$ 21,253</u></u>

City of Burton
Building Department Special Revenue Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2006
With Comparative Actual Amounts for the Year Ended June 30, 2005

	<u>2006</u>	<u>2005</u>
Revenues:		
Licenses and permits	\$ 274,993	\$ 247,564
Charges for services	58,947	35,728
Miscellaneous	8,638	3,273
	<hr/>	<hr/>
Total revenues	342,578	286,565
	<hr/>	<hr/>
Expenditures:		
Current:		
Public safety:		
Building - director salary	16,007	15,588
Salaries - permanent	154,253	137,385
Fringe benefits	90,969	83,712
Office supplies	12,387	5,029
Operating supplies	5,910	8,261
Contractual services	11,149	18,837
Postage	3,293	606
Equipment rentals	22,268	18,067
Dues and membership:	328	209
Conference and workshop	1,508	1,775
Utilities	3,269	2,851
Weed cutting	17,412	11,722
Condemned housing	25,396	10,137
Soil erosion services	45	-
	<hr/>	<hr/>
Total public safety	364,194	314,179
	<hr/>	<hr/>
Capital outlay	-	9,935
	<hr/>	<hr/>
Total expenditures	364,194	324,114
	<hr/>	<hr/>
Excess (deficiency) of revenue: over expenditures	(21,616)	(37,549)
	<hr/>	<hr/>
Other financing sources:		
Transfers in	21,616	37,549
	<hr/>	<hr/>
Net change in fund balances:	-	-
	<hr/>	<hr/>
Fund balances - beginning of year	5,000	5,000
	<hr/>	<hr/>
Fund balances - end of year	<u><u>\$ 5,000</u></u>	<u><u>\$ 5,000</u></u>

City of Burton
Community Development Special Revenue Fund
Balance Sheets
June 30, 2006 and 2005

	<u>2006</u>	<u>2005</u>
Assets		
Due from other government:	<u>\$ - 0 -</u>	<u>\$ 40,158</u>
Liabilities		
Due to other funds	<u>\$ - 0 -</u>	<u>\$ 40,158</u>

City of Burton
Community Development Special Revenue Fund
Statements of Revenues, Expenditures, and
Changes in Fund Balances
For the Years Ended June 30, 2006 and 2005

	<u>2006</u>	<u>2005</u>
Revenues:		
Intergovernmental - federal	<u>\$ 239,991</u>	<u>\$ 108,688</u>
 Expenditures:		
Public service	8,517	34,032
Capital outlay	-	17,249
	<u>8,517</u>	<u>51,281</u>
Total expenditures		
	<u>8,517</u>	<u>51,281</u>
Excess of revenues over expenditures	231,474	57,407
 Other financing uses		
Transfers out	<u>(231,474)</u>	<u>(57,407)</u>
Net change in fund balances	-	-
Fund balances - beginning of year	-	-
Fund balances - end of year	<u><u>\$ - 0 -</u></u>	<u><u>\$ - 0 -</u></u>

City of Burton
Community Development Special Revenue Fund
Schedule of Expenditures
For the Year Ended June 30, 2006

Project Number	Description	Project Funds Expended During 2005 - 2006	Total Project Funds Expended Through June 30, 2006	Total Funds Available by Project	Unexpended Balance at June 30, 2006
04-02	Park improvements	8,517	44,848	44,848	-
04-03	Street & sidewalk improvement	214,225	254,384	254,384	-
05-01	Senior center services	17,249	17,249	17,249	-
06-02	Senior center services	-	-	17,249	17,249
<hr/>					
		\$ 239,991	\$ 316,481	\$ 333,730	\$ 17,249

City of Burton
Capital Improvement Special Revenue Fund
Balance Sheets
June 30, 2006 and 2005

	<u>2006</u>	<u>2005</u>
Assets		
Cash and cash equivalents	\$ 36,452	\$ 16,945
Due from other funds	<u>11,450</u>	<u>20,039</u>
Total assets	<u><u>\$ 47,902</u></u>	<u><u>\$ 36,984</u></u>
 Fund Balance		
Fund balance:		
Unreserved	<u>47,902</u>	<u>36,984</u>
Total fund balance	<u><u>\$ 47,902</u></u>	<u><u>\$ 36,984</u></u>

City of Burton
Capital Improvement Special Revenue Fund
Statements of Revenues, Expenditures, and
Changes in Fund Balances
For the Years Ended June 30, 2006 and 2005

	<u>2006</u>	<u>2005</u>
Revenues:		
Interest	<u>\$ 648</u>	<u>\$ 154</u>
Total revenues	648	154
Expenditures:		
Capital outlay	<u>1,180</u>	1,961
Deficiency of revenues over expenditures	(532)	(1,807)
Other financing sources		
Transfers in	<u>11,450</u>	22,000
Net change in fund balances	10,918	20,193
Fund balances - beginning of year	<u>36,984</u>	16,791
Fund balances - end of year	<u>\$ 47,902</u>	<u>\$ 36,984</u>

City of Burton
Capital Improvement Special Revenue Fund
Schedule of Expenditures
For the Year Ended June 30, 2006

	Project Funds Expended During 2005 - 2006	Total Project Funds Expended Through June 30, 2006	Total Cumulative Funds Available by Project	Unexpended Balance at June 30, 2006
Park projects	\$ 1,180	\$ 136,115	\$ 148,511	\$ 12,396

Debt Service Funds

General Debt Service - To accumulate funds for payment of the General Obligation Debt which are serial bonds due in annual installments of principal ranging from \$75,000 to \$375,000, plus interest, with various maturity dates through June 1, 2008. Financing is provided primarily by a special annual property tax levy. Property taxes and other revenues accumulated in excess of actual debt requirements are legally restricted to servicing this debt.

Major Street Construction Debt Service - To accumulate monies for payment of the Act 51 Michigan Transportation Fund Debt which are serial bonds due in annual installments of principal ranging from \$200,000 to \$250,000, plus interest, with maturity dates through February 1, 2013. Financing will be provided from the proceeds of state-collected taxes returned to the City of Burton as Act 51 monies, or in the case of insufficiency of the state-collected funds, out of the General Funds of the City.

Building Authority Debt Service - To accumulate monies for the payment of the Building Authority Debt which is serial bonds, which are two separate serial bonds; one for the police-fire facility and the other for the 2004 city hall addition and renovation. Financing for the debt service is provided through lease contracts with the City.

Special Assessment Debt Service - To accumulate monies for the repayment of special assessment debt with governmental commitment. The debt is paid with collections of special assessments levied on specific properties. The City has pledged its limited tax full faith and credit for repayment of the bonds should any defaults on the collections occur. There are five types of special assessment activities which are: paving improvements, watermain improvements, storm drainage improvements, sanitary sewer improvements, and sidewalk improvements.

City of Burton
Debt Service Special Assessments - Project Number/Name Index
June 30, 2006

Paving Projects

P-89-3	Lapeer Heights Subdivision	P-95-5	Packard Street
P-89-5	Dexel Park Subdivision	P-95-9	Allen Street
P-89-6	Garden Acres Subdivision	P-95-10	Buder Avenue
P-90-1	Killarney Park #2 Subdivision	P-95-20	Parkwood Avenue
P-93-2	Boatfield Avenue	P-95-20A	Parkwood Avenue
P-93-3	Ludwig Street	P-96-5	Bergin Avenue
P-93-5	Arrowhead Drive	P-96-7	Eugene & Milano Streets
P-93-6	Williamson Avenue	P-96-9	Williamson Avenue
P-93-7	Dallas/Bellingham Court	P-97-2	James Street
P-93-11	McLean Avenue	P-97-3	Mandeville
P-93-13	Schumacher Avenue	P-97-4	Howe Road
P-93-15	Bilsky Street	P-97-5	Judd Road
P-93-16	Rinn Street	P-97-6	Allen Street
P-93-18	Bennett Drive	P-97-7	Christner
P-93-19	Parkwood Avenue	P-97-8	Springfield
P-93-20	Norton Street	P-98-3	Scottwood
P-93-23	Savoy Avenue	P-98-5	Maplewood Meadows #3 Subdivision
P-93-24	Ala Street/Avis Drive	P-98-7	Webber Street
P-93-27	Shaw Street	P-98-13	Maplewood Meadows #4, #5 Subdivision
P-93-29	Statler Drive	P-98-14	Maple Pointe #8 Subdivision
P-93-30	Pearl Street	P-99-1	Nelson Court
P-94-1	McLean Avenue	P-00-3	Brabbs Street
P-94-7	Wells Street	P-02-2	Pratt & Wagner Avenues
P-94-12	Kenneth Street	P-03-1	Pebble Creek Subdivision (Major Fund)
P-94-14	Glendale Avenue	P-04-1	Burton Estates #1 Subdivision (Major Fund)
P-94-15	Arrowhead Drive	P-04-2	Mallard Ponds Subdivision (Major Fund)
P-95-1	Brady Street	P-04-3	Kosta Street
P-95-2	DeCamp Street	P-04-4	Dudley Avenue
P-95-4	Norton Street		

City of Burton
Debt Service Special Assessments - Project Number/Name Index - (continued)
June 30, 2006

Water Projects

W-85-1	Stockbridge Avenue	W-98-3	Maple Pointe #8 Subdivision
W-91-1	Brookwood Estates Subdivision	W-03-1	Pebble Creek Subdivision
W-97-1	Meadowcroft Subdivision	W-04-1	Burton Estates #1 Subdivision
W-98-1	Maplewood Meadows #3 Subdivision	W-04-2	Mallard Ponds Subdivision
W-98-2	Maplewood Meadows #4, #5 Subdivision		

Sanitary Sewer Projects

SS-98-1	Maplewood Meadows #3 Subdivision	SS-03-1	Pebble Creek Subdivision
SS-98-2	Maplewood Meadows #4, #5 Subdivision	SS-04-1	Burton Estates #1 Subdivision
SS-98-3	Maple Pointe #8 Subdivision	SS-04-2	Mallard Ponds Subdivision

NOTE: The above noted special assessment improvements may only involve a portion of the referenced street or subdivision.

City of Burton
Nonmajor Debt Service Funds
Combining Balance Sheet
June 30, 2006
With Comparative Totals for June 30, 2005

	General Debt Service	Major Street Construction Debt Service	Building Authority Debt Service
Assets			
Cash and cash equivalents	\$ 107,487	\$ 578	\$ 1,584
Receivables:			
Accounts	-	-	-
Special assessments:			
Current	-	-	-
Long-term	-	-	-
	<hr/>	<hr/>	<hr/>
Total special assessments receivable	-	-	-
	<hr/>	<hr/>	<hr/>
Accrued interest	-	-	-
Due from other funds	-	-	-
	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ 107,487</u>	<u>\$ 578</u>	<u>\$ 1,584</u>
	<hr/>	<hr/>	<hr/>
Liabilities and Fund Balance			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ -
Due to other funds	-	-	-
Deferred revenue	-	-	-
	<hr/>	<hr/>	<hr/>
Total liabilities	-	-	-
Fund balances:			
Unreserved	<hr/> 107,487	<hr/> 578	<hr/> 1,584
	<hr/>	<hr/>	<hr/>
Total liabilities and fund balances	<u>\$ 107,487</u>	<u>\$ 578</u>	<u>\$ 1,584</u>
	<hr/>	<hr/>	<hr/>

Paving Special Assessment Distric

P-89-3	P-89-5	P-89-6	P-90-1	P-93-2	P-93-3
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
\$ - 0 -	\$ - 0 -	\$ - 0 -	\$ - 0 -	\$ - 0 -	\$ - 0 -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
\$ - 0 -	\$ - 0 -	\$ - 0 -	\$ - 0 -	\$ - 0 -	\$ - 0 -

(continued)

City of Burton
Nonmajor Debt Service Funds
Combining Balance Sheet (continued)
June 30, 2006
With Comparative Totals for June 30, 2005

	P-93-5	Paving P-93-6	P-93-7
Assets			
Cash and cash equivalents	\$ -	\$ -	\$ -
Receivables:			
Accounts	-	-	-
Special assessments:			
Current	-	-	-
Long-term	-	-	-
Total special assessments receivable	-	-	-
Accrued interest	-	-	-
Due from other funds	-	-	-
Total assets	\$ - 0 -	\$ - 0 -	\$ - 0 -
Liabilities and Fund Balance			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ -
Due to other funds	-	-	-
Deferred revenue	-	-	-
Total liabilities	-	-	-
Fund balances:			
Unreserved	-	-	-
Total liabilities and fund balances	\$ - 0 -	\$ - 0 -	\$ - 0 -

Special Assessment District					
P-93-11	P-93-13	P-93-15	P-93-16	P-93-18	P-93-19
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
\$ - 0 -	\$ - 0 -	\$ - 0 -	\$ - 0 -	\$ - 0 -	\$ - 0 -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
\$ - 0 -	\$ - 0 -	\$ - 0 -	\$ - 0 -	\$ - 0 -	\$ - 0 -

(continued)

City of Burton
Nonmajor Debt Service Funds
Combining Balance Sheet (continued)
June 30, 2006
With Comparative Totals for June 30, 2005

		Paving	
	P-93-20	P-93-23	P-93-24
Assets			
Cash and cash equivalents	\$ -	\$ -	\$ -
Receivables:			
Accounts	-	-	-
Special assessments:			
Current	-	-	-
Long-term	-	-	-
Total special assessments receivable	-	-	-
Accrued interest	-	-	-
Due from other funds	-	-	-
Total assets	\$ - 0 -	\$ - 0 -	\$ - 0 -
Liabilities and Fund Balance			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ -
Due to other funds	-	-	-
Deferred revenue	-	-	-
Total liabilities	-	-	-
Fund balances:			
Unreserved	-	-	-
Total liabilities and fund balances	\$ - 0 -	\$ - 0 -	\$ - 0 -

Special Assessment District					
P-93-27	P-93-29	P-93-30	P-94-1	P-94-7	P-94-12
\$ -	\$ -	\$ -	\$ 5,797	\$ 10,205	\$ 4,194
-	-	-	-	-	-
-	-	-	2,494	5,126	1,571
-	-	-	-	-	-
-	-	-	2,494	5,126	1,571
-	-	-	163	335	103
-	-	-	-	-	-
\$ - 0 -	\$ - 0 -	\$ - 0 -	\$ 8,454	\$ 15,666	\$ 5,868

\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	2,494	5,126	1,571
-	-	-	2,494	5,126	1,571
-	-	-	5,960	10,540	4,297
\$ - 0 -	\$ - 0 -	\$ - 0 -	\$ 8,454	\$ 15,666	\$ 5,868

(continued)

City of Burton
Nonmajor Debt Service Funds
Combining Balance Sheet (continued)
June 30, 2006
With Comparative Totals for June 30, 2005

	P-94-14	Paving P-94-15	P-95-1
Assets			
Cash and cash equivalents	\$ 11,057	\$ 5,456	\$ 17,967
Receivables:			
Accounts	-	-	-
Special assessments:			
Current	3,563	3,142	5,064
Long-term	-	-	5,064
Total special assessments receivable	3,563	3,142	10,128
Accrued interest	233	205	655
Due from other funds	-	-	-
Total assets	<u>\$ 14,853</u>	<u>\$ 8,803</u>	<u>\$ 28,750</u>
Liabilities and Fund Balance			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ -
Due to other funds	-	-	-
Deferred revenue	3,563	3,142	10,128
Total liabilities	3,563	3,142	10,128
Fund balances:			
Unreserved	11,290	5,661	18,622
Total liabilities and fund balances	<u>\$ 14,853</u>	<u>\$ 8,803</u>	<u>\$ 28,750</u>

Special Assessment District					
P-95-2	P-95-4	P-95-5	P-95-9	P-95-10	P-95-20
\$ 19,193	\$ 11,235	\$ 6,746	\$ 22,376	\$ 30,083	\$ 3,836
-	-	-	-	-	-
4,305	4,542	1,536	5,430	5,219	1,048
4,304	4,542	1,535	5,811	5,219	1,048
8,609	9,084	3,071	11,241	10,438	2,096
557	588	199	703	675	136
-	-	-	-	-	-
\$ 28,359	\$ 20,907	\$ 10,016	\$ 34,320	\$ 41,196	\$ 6,068

\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
8,609	9,084	3,071	11,241	10,438	2,096
8,609	9,084	3,071	11,241	10,438	2,096
19,750	11,823	6,945	23,079	30,758	3,972
\$ 28,359	\$ 20,907	\$ 10,016	\$ 34,320	\$ 41,196	\$ 6,068

(continued)

City of Burton
Nonmajor Debt Service Funds
Combining Balance Sheet (continued)
June 30, 2006
With Comparative Totals for June 30, 2005

	<u>P-95-20A</u>	<u>Paving P-96-5</u>	<u>P-96-7</u>
Assets			
Cash and cash equivalents	\$ 2,028	\$ 5,453	\$ 40,274
Receivables:			
Accounts	-	-	-
Special assessments:			
Current	312	1,522	6,856
Long-term	312	3,044	13,649
	<hr/>	<hr/>	<hr/>
Total special assessments receivable	624	4,566	20,505
	<hr/>	<hr/>	<hr/>
Accrued interest	40	282	1,272
Due from other funds	-	-	-
	<hr/>	<hr/>	<hr/>
Total assets	\$ 2,692	\$ 10,301	\$ 62,051
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
 Liabilities and Fund Balance			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ -
Due to other funds	-	-	-
Deferred revenue	624	4,566	20,505
	<hr/>	<hr/>	<hr/>
Total liabilities	624	4,566	20,505
	<hr/>	<hr/>	<hr/>
Fund balances:			
Unreserved	2,068	5,735	41,546
	<hr/>	<hr/>	<hr/>
Total liabilities and fund balances	\$ 2,692	\$ 10,301	\$ 62,051
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Special Assessment District					
P-96-9	P-97-2	P-97-3	P-97-4	P-97-5	P-97-6
\$ 20,340	\$ 12,709	\$ 20,147	\$ 11,420	\$ 10,943	\$ 15,980
-	-	-	-	-	-
2,941	3,794	3,792	3,919	4,594	4,637
5,883	10,843	11,376	11,758	11,139	13,912
8,824	14,637	15,168	15,677	15,733	18,549
546	899	899	929	932	1,099
-	-	-	-	-	-
\$ 29,710	\$ 28,245	\$ 36,214	\$ 28,026	\$ 27,608	\$ 35,628

\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
8,824	14,637	15,168	15,677	15,733	18,549
8,824	14,637	15,168	15,677	15,733	18,549
20,886	13,608	21,046	12,349	11,875	17,079
\$ 29,710	\$ 28,245	\$ 36,214	\$ 28,026	\$ 27,608	\$ 35,628

(continued)

City of Burton
Nonmajor Debt Service Funds
Combining Balance Sheet (continued)
June 30, 2006
With Comparative Totals for June 30, 2005

	P-97-7	Paving P-97-8	P-98-3
Assets			
Cash and cash equivalents	\$ 19,061	\$ 71,443	\$ 18,787
Receivables:			
Accounts	-	-	-
Special assessments:			
Current	1,716	8,714	5,561
Long-term	5,148	25,309	22,246
Total special assessments receivable	6,864	34,023	27,807
Accrued interest	407	2,065	1,543
Due from other funds	-	-	-
Total assets	\$ 26,332	\$ 107,531	\$ 48,137
Liabilities and Fund Balance			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ -
Due to other funds	-	-	-
Deferred revenue	6,864	34,023	27,807
Total liabilities	6,864	34,023	27,807
Fund balances:			
Unreserved	19,468	73,508	20,330
Total liabilities and fund balances	\$ 26,332	\$ 107,531	\$ 48,137

Special Assessment District					
P-98-5	P-98-7	P-98-13	P-98-14	P-99-1	P-00-3
\$ 410,981	\$ 36,583	\$ 529,764	\$ 215,572	\$ 19,078	\$ 27,332
-	-	-	-	-	-
5,206	5,888	4,913	1,221	2,945	5,318
36,445	24,277	34,389	8,550	32,395	59,134
41,651	30,165	39,302	9,771	35,340	64,452
2,248	1,614	2,181	542	1,517	2,766
-	-	-	-	-	-
\$ 454,880	\$ 68,362	\$ 571,247	\$ 225,885	\$ 55,935	\$ 94,550

\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
41,651	30,165	39,302	9,771	35,340	64,452
41,651	30,165	39,302	9,771	35,340	64,452
413,229	38,197	531,945	216,114	20,595	30,098
\$ 454,880	\$ 68,362	\$ 571,247	\$ 225,885	\$ 55,935	\$ 94,550

(continued)

City of Burton
Nonmajor Debt Service Funds
Combining Balance Sheet (continued)
June 30, 2006
With Comparative Totals for June 30, 2005

	Paving Special Assessment District		
	P-02-2	P-04-3	P-04-4
Assets			
Cash and cash equivalents	\$ 58,423	\$ 7,477	\$ 15,376
Receivables:			
Accounts	-	-	-
Special assessments:			
Current	19,556	4,338	5,709
Long-term	215,119	43,377	56,084
Total special assessments receivable	234,675	47,715	61,793
Accrued interest	10,072	2,240	2,900
Due from other funds	-	-	-
Total assets	<u>\$ 303,170</u>	<u>\$ 57,432</u>	<u>\$ 80,069</u>
Liabilities and Fund Balance			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ -
Due to other funds	-	-	-
Deferred revenue	234,675	47,715	61,793
Total liabilities	234,675	47,715	61,793
Fund balances:			
Unreserved	68,495	9,717	18,276
Total liabilities and fund balances	<u>\$ 303,170</u>	<u>\$ 57,432</u>	<u>\$ 80,069</u>

Water Special Assessment District					
W-85-1	W-91-1	W-97-1	W-98-1	W-98-2	W-98-3
\$ -	\$ 620	\$ 132,515	\$ 119,930	\$ 117,612	\$ 60,614
-	-	-	-	-	-
-	2,179	8,378	1,385	1,113	347
-	-	93,997	9,695	7,789	2,427
-	2,179	102,375	11,080	8,902	2,774
-	163	5,955	598	494	154
-	4,000	-	-	-	-
\$ - 0 -	\$ 6,962	\$ 240,845	\$ 131,608	\$ 127,008	\$ 63,542
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	2,179	102,375	11,080	8,902	2,774
-	2,179	102,375	11,080	8,902	2,774
-	4,783	138,470	120,528	118,106	60,768
\$ - 0 -	\$ 6,962	\$ 240,845	\$ 131,608	\$ 127,008	\$ 63,542

(continued)

City of Burton
Nonmajor Debt Service Funds
Combining Balance Sheet (continued)
June 30, 2006
With Comparative Totals for June 30, 2005

	Water Special Assessment District		
	W-03-1	W-04-1	W-04-2
Assets			
Cash and cash equivalents	\$ 67,490	\$ 45,719	\$ 49,805
Receivables:			
Accounts	-	-	-
Special assessments:			
Current	22,534	20,319	16,394
Long-term	270,402	243,826	210,202
Total special assessments receivable	292,936	264,145	226,596
Accrued interest	12,573	12,468	10,774
Due from other funds	-	-	-
Total assets	\$ 372,999	\$ 322,332	\$ 287,175
Liabilities and Fund Balance			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ 137
Due to other funds	-	-	-
Deferred revenue	292,936	264,145	226,596
Total liabilities	292,936	264,145	226,733
Fund balances:			
Unreserved	80,063	58,187	60,442
Total liabilities and fund balances	\$ 372,999	\$ 322,332	\$ 287,175

Sanitary Sewer Special Assessment Distric					
SS-98-1	SS-98-2	SS-98-3	SS-03-1	SS-04-1	SS-04-2
\$ 186,818	\$ 142,513	\$ 110,216	\$ 91,324	\$ 51,583	\$ 62,259
-	-	-	-	-	-
1,820	1,300	610	30,513	22,921	20,462
12,737	9,104	4,273	366,148	275,058	262,363
14,557	10,404	4,883	396,661	297,979	282,825
786	577	271	17,025	14,065	13,447
-	-	-	-	-	-
\$ 202,161	\$ 153,494	\$ 115,370	\$ 505,010	\$ 363,627	\$ 358,531

\$ -	\$ -	\$ -	\$ -	\$ -	\$ 171
3	-	-	-	-	-
14,557	10,404	4,883	396,661	297,979	282,825
14,560	10,404	4,883	396,661	297,979	282,996
187,601	143,090	110,487	108,349	65,648	75,535
\$ 202,161	\$ 153,494	\$ 115,370	\$ 505,010	\$ 363,627	\$ 358,531

(continued)

City of Burton
Nonmajor Debt Service Funds
Combining Balance Sheet (continued)
June 30, 2006
With Comparative Totals for June 30, 2005

	T o t a l s	
	2006	2005
Assets		
Cash and cash equivalents	\$ 3,065,983	\$ 3,262,293
Receivables:		
Accounts	-	870
Special assessments:		
Current	296,767	425,016
Long-term	2,439,933	3,110,200
Total special assessments receivable	2,736,700	3,535,216
Accrued interest	130,895	165,921
Due from other funds	4,000	6,458
Total assets	\$ 5,937,578	\$ 6,970,758
Liabilities and Fund Balance		
Liabilities:		
Accounts payable	\$ 308	\$ -
Due to other funds	3	2,000
Deferred revenue	2,736,700	3,535,216
Total liabilities	2,737,011	3,537,216
Fund balances:		
Unreserved	3,200,567	3,433,542
Total liabilities and fund balances	\$ 5,937,578	\$ 6,970,758

City of Burton
Nonmajor Debt Service Funds
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
For the Year Ended June 30, 2006
With Comparative Totals for the Year Ended June 30, 2005

	General Debt Service	Major Street Construction Debt Service	Building Authority Debt Service
Revenues:			
Taxes	\$ 454,387	\$ -	\$ -
Special assessments	-	-	-
Intergovernmental - state	10,905	-	-
Interest	12,543	-	6
	<hr/>	<hr/>	<hr/>
Total revenues	477,835	-	6
	<hr/>	<hr/>	<hr/>
Expenditures:			
Debt service:			
Principal retirement	420,000	150,000	150,000
Interest and fiscal charges	57,470	79,375	89,288
	<hr/>	<hr/>	<hr/>
Total expenditures	477,470	229,375	239,288
	<hr/>	<hr/>	<hr/>
Excess (deficiency) of revenues over expenditures	365	(229,375)	(239,282)
	<hr/>	<hr/>	<hr/>
Other financing sources (uses)			
Transfers in	-	229,375	239,288
Transfers out	-	-	-
	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	-	229,375	239,288
	<hr/>	<hr/>	<hr/>
Net change in fund balances:	365	-	6
	<hr/>	<hr/>	<hr/>
Fund balances - beginning of year	107,122	578	1,578
	<hr/>	<hr/>	<hr/>
Fund balances - end of year	<u>\$ 107,487</u>	<u>\$ 578</u>	<u>\$ 1,584</u>

Paving Special Assessment District					
P-89-3	P-89-5	P-89-6	P-90-1	P-93-2	P-93-3
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
24,187	6,662	6,565	3,750	3,279	4,137
-	-	-	-	-	-
1,414	997	396	1,017	251	305
25,601	7,659	6,961	4,767	3,530	4,442
84,150	22,500	30,000	13,350	7,000	7,300
2,507	671	894	397	217	227
86,657	23,171	30,894	13,747	7,217	7,527
(61,056)	(15,512)	(23,933)	(8,980)	(3,687)	(3,085)
9,408	-	7,444	-	-	-
-	(17,529)	-	(25,474)	(4,389)	(6,433)
9,408	(17,529)	7,444	(25,474)	(4,389)	(6,433)
(51,648)	(33,041)	(16,489)	(34,454)	(8,076)	(9,518)
51,648	33,041	16,489	34,454	8,076	9,518
\$ - 0 -	\$ - 0 -	\$ - 0 -	\$ - 0 -	\$ - 0 -	\$ - 0 -

(continued)

City of Burton
Nonmajor Debt Service Funds
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances (continued)
For the Year Ended June 30, 2006
With Comparative Totals for the Year Ended June 30, 2005

	Paving		
	P-93-5	P-93-6	P-93-7
Revenues:			
Taxes	\$ -	\$ -	\$ -
Special assessments	2,010	2,440	2,100
Intergovernmental - state	-	-	-
Interest	179	325	133
Total revenues	2,189	2,765	2,233
Expenditures:			
Debt service:			
Principal retirement	5,100	5,500	5,500
Interest and fiscal charges	158	171	171
Total expenditures	5,258	5,671	5,671
Excess (deficiency) of revenues over expenditures	(3,069)	(2,906)	(3,438)
Other financing sources (uses)			
Transfers in	-	-	-
Transfers out	(2,815)	(7,262)	(1,100)
Total other financing sources (uses)	(2,815)	(7,262)	(1,100)
Net change in fund balances:	(5,884)	(10,168)	(4,538)
Fund balances - beginning of year	5,884	10,168	4,538
Fund balances - end of year	\$ - 0 -	\$ - 0 -	\$ - 0 -

Special Assessment District					
P-93-11	P-93-13	P-93-15	P-93-16	P-93-18	P-93-19
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
4,645	4,020	2,001	4,842	2,613	1,179
-	-	-	-	-	-
252	265	217	407	131	76
4,897	4,285	2,218	5,249	2,744	1,255
8,700	9,800	4,300	7,300	4,800	2,200
269	304	134	227	149	68
8,969	10,104	4,434	7,527	4,949	2,268
(4,072)	(5,819)	(2,216)	(2,278)	(2,205)	(1,013)
-	-	-	-	-	-
(3,853)	(3,041)	(4,718)	(9,010)	(1,775)	(1,265)
(3,853)	(3,041)	(4,718)	(9,010)	(1,775)	(1,265)
(7,925)	(8,860)	(6,934)	(11,288)	(3,980)	(2,278)
7,925	8,860	6,934	11,288	3,980	2,278
\$ - 0 -	\$ - 0 -	\$ - 0 -	\$ - 0 -	\$ - 0 -	\$ - 0 -

(continued)

City of Burton
Nonmajor Debt Service Funds
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances (continued)
For the Year Ended June 30, 2006
With Comparative Totals for the Year Ended June 30, 2005

	P-93-20	Paving P-93-23	P-93-24
Revenues:			
Taxes	\$ -	\$ -	\$ -
Special assessments	2,537	3,140	1,204
Intergovernmental - state	-	-	-
Interest	149	222	96
	<hr/>	<hr/>	<hr/>
Total revenues	2,686	3,362	1,300
	<hr/>	<hr/>	<hr/>
Expenditures:			
Debt service:			
Principal retirement	5,900	6,500	3,700
Interest and fiscal charges	183	202	114
	<hr/>	<hr/>	<hr/>
Total expenditures	6,083	6,702	3,814
	<hr/>	<hr/>	<hr/>
Excess (deficiency) of revenues over expenditures	(3,397)	(3,340)	(2,514)
	<hr/>	<hr/>	<hr/>
Other financing sources (uses)			
Transfers in	-	-	-
Transfers out	(1,891)	(3,421)	(890)
	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	(1,891)	(3,421)	(890)
	<hr/>	<hr/>	<hr/>
Net change in fund balances:	(5,288)	(6,761)	(3,404)
	<hr/>	<hr/>	<hr/>
Fund balances - beginning of year	5,288	6,761	3,404
	<hr/>	<hr/>	<hr/>
Fund balances - end of year	<u><u>\$ - 0 -</u></u>	<u><u>\$ - 0 -</u></u>	<u><u>\$ - 0 -</u></u>

Special Assessment District					
P-93-27	P-93-29	P-93-30	P-94-1	P-94-7	P-94-12
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
5,743	643	2,597	2,745	5,126	1,571
-	-	-	-	-	-
453	101	143	382	703	252
6,196	744	2,740	3,127	5,829	1,823
8,700	3,700	4,000	7,920	13,185	4,905
269	114	124	746	1,243	462
8,969	3,814	4,124	8,666	14,428	5,367
(2,773)	(3,070)	(1,384)	(5,539)	(8,599)	(3,544)
-	-	-	-	-	-
(10,383)	(789)	(2,697)	-	-	-
(10,383)	(789)	(2,697)	-	-	-
(13,156)	(3,859)	(4,081)	(5,539)	(8,599)	(3,544)
13,156	3,859	4,081	11,499	19,139	7,841
\$ - 0 -	\$ - 0 -	\$ - 0 -	\$ 5,960	\$ 10,540	\$ 4,297

(continued)

City of Burton
Nonmajor Debt Service Funds
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances (continued)
For the Year Ended June 30, 2006
With Comparative Totals for the Year Ended June 30, 2005

	P-94-14	Paving P-94-15	P-95-1
Revenues:			
Taxes	\$ -	\$ -	\$ -
Special assessments	3,563	3,143	5,510
Intergovernmental - state	-	-	-
Interest	661	394	1,291
Total revenues	4,224	3,537	6,801
Expenditures:			
Debt service:			
Principal retirement	12,285	6,705	9,845
Interest and fiscal charges	1,158	632	1,721
Total expenditures	13,443	7,337	11,566
Excess (deficiency) of revenues over expenditures	(9,219)	(3,800)	(4,765)
Other financing sources (uses)			
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources (uses)	-	-	-
Net change in fund balances:	(9,219)	(3,800)	(4,765)
Fund balances - beginning of year	20,509	9,461	23,387
Fund balances - end of year	\$ 11,290	\$ 5,661	\$ 18,622

Special Assessment District					
P-95-2	P-95-4	P-95-5	P-95-9	P-95-10	P-95-20
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
4,680	5,271	2,451	6,087	5,946	1,048
-	-	-	-	-	-
1,253	957	434	1,483	1,730	268
5,933	6,228	2,885	7,570	7,676	1,316
10,615	8,360	1,595	11,385	9,900	2,200
1,855	1,461	279	1,989	1,730	384
12,470	9,821	1,874	13,374	11,630	2,584
(6,537)	(3,593)	1,011	(5,804)	(3,954)	(1,268)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
(6,537)	(3,593)	1,011	(5,804)	(3,954)	(1,268)
26,287	15,416	5,934	28,883	34,712	5,240
\$ 19,750	\$ 11,823	\$ 6,945	\$ 23,079	\$ 30,758	\$ 3,972

(continued)

City of Burton
Nonmajor Debt Service Funds
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances (continued)
For the Year Ended June 30, 2006
With Comparative Totals for the Year Ended June 30, 2005

	P-95-20A	Paving P-96-5	P-96-7
Revenues:			
Taxes	\$ -	\$ -	\$ -
Special assessments	312	2,286	7,581
Intergovernmental - state	-	-	-
Interest	110	474	2,755
	<hr/>	<hr/>	<hr/>
Total revenues	422	2,760	10,336
	<hr/>	<hr/>	<hr/>
Expenditures:			
Debt service:			
Principal retirement	1,100	3,570	18,270
Interest and fiscal charges	192	703	3,594
	<hr/>	<hr/>	<hr/>
Total expenditures	1,292	4,273	21,864
	<hr/>	<hr/>	<hr/>
Excess (deficiency) of revenues over expenditures	(870)	(1,513)	(11,528)
	<hr/>	<hr/>	<hr/>
Other financing sources (uses)			
Transfers in	-	-	-
Transfers out	-	-	-
	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	-	-	-
	<hr/>	<hr/>	<hr/>
Net change in fund balances:	(870)	(1,513)	(11,528)
	<hr/>	<hr/>	<hr/>
Fund balances - beginning of year	2,938	7,248	53,074
	<hr/>	<hr/>	<hr/>
Fund balances - end of year	<u>\$ 2,068</u>	<u>\$ 5,735</u>	<u>\$ 41,546</u>

Special Assessment District					
P-96-9	P-97-2	P-97-3	P-97-4	P-97-5	P-97-6
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
3,318	3,794	7,089	3,919	4,760	5,642
-	-	-	-	-	-
1,297	1,341	1,626	1,332	1,310	1,671
4,615	5,135	8,715	5,251	6,070	7,313
8,160	6,450	8,100	5,550	6,000	7,725
1,605	2,126	2,670	1,829	1,978	2,546
9,765	8,576	10,770	7,379	7,978	10,271
(5,150)	(3,441)	(2,055)	(2,128)	(1,908)	(2,958)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
(5,150)	(3,441)	(2,055)	(2,128)	(1,908)	(2,958)
26,036	17,049	23,101	14,477	13,783	20,037
\$ 20,886	\$ 13,608	\$ 21,046	\$ 12,349	\$ 11,875	\$ 17,079

(continued)

City of Burton
Nonmajor Debt Service Funds
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances (continued)
For the Year Ended June 30, 2006
With Comparative Totals for the Year Ended June 30, 2005

	Paving		
	P-97-7	P-97-8	P-98-3
Revenues:			
Taxes	\$ -	\$ -	\$ -
Special assessments	1,716	17,059	7,076
Intergovernmental - state	-	-	-
Interest	1,122	4,741	2,159
Total revenues	2,838	21,800	9,235
Expenditures:			
Debt service:			
Principal retirement	5,400	20,325	7,700
Interest and fiscal charges	1,780	6,699	2,781
Total expenditures	7,180	27,024	10,481
Excess (deficiency) of revenues over expenditures	(4,342)	(5,224)	(1,246)
Other financing sources (uses)			
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources (uses)	-	-	-
Net change in fund balances:	(4,342)	(5,224)	(1,246)
Fund balances - beginning of year	23,810	78,732	21,576
Fund balances - end of year	\$ 19,468	\$ 73,508	\$ 20,330

Special Assessment District					
P-98-5	P-98-7	P-98-13	P-98-14	P-99-1	P-00-3
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
11,900	10,044	12,282	17,710	5,451	13,027
-	-	-	-	-	-
17,636	2,956	21,967	8,648	2,157	3,416
29,536	13,000	34,249	26,358	7,608	16,443
62,500	13,650	71,750	25,900	2,500	4,166
22,541	4,930	25,915	9,355	1,576	2,627
85,041	18,580	97,665	35,255	4,076	6,793
(55,505)	(5,580)	(63,416)	(8,897)	3,532	9,650
-	-	-	329	1,695	7,562
-	-	-	-	-	-
-	-	-	329	1,695	7,562
(55,505)	(5,580)	(63,416)	(8,568)	5,227	17,212
468,734	43,777	595,361	224,682	15,368	12,886
\$ 413,229	\$ 38,197	\$ 531,945	\$ 216,114	\$ 20,595	\$ 30,098

(continued)

City of Burton
Nonmajor Debt Service Funds
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances (continued)
For the Year Ended June 30, 2006
With Comparative Totals for the Year Ended June 30, 2005

	Paving Special Assessment District		
	P-02-2	P-04-3	P-04-4
Revenues:			
Taxes	\$ -	\$ -	\$ -
Special assessments	35,451	12,609	18,525
Intergovernmental - state	-	-	-
Interest	11,972	2,675	3,559
Total revenues	47,423	15,284	22,084
Expenditures:			
Debt service:			
Principal retirement	13,334	4,100	4,913
Interest and fiscal charges	8,409	1,834	2,198
Total expenditures	21,743	5,934	7,111
Excess (deficiency) of revenues over expenditures	25,680	9,350	14,973
Other financing sources (uses)			
Transfers in	3,870	-	-
Transfers out	-	-	-
Total other financing sources (uses)	3,870	-	-
Net change in fund balances:	29,550	9,350	14,973
Fund balances - beginning of year	38,945	367	3,303
Fund balances - end of year	\$ 68,495	\$ 9,717	\$ 18,276

Water Special Assessment District					
W-85-1	W-91-1	W-97-1	W-98-1	W-98-2	W-98-3
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2,835	2,179	8,545	3,166	2,782	5,028
-	-	-	-	-	-
492	262	10,814	5,069	4,891	2,411
3,327	2,441	19,359	8,235	7,673	7,439
5,000	10,000	15,450	16,000	16,450	7,525
505	1,000	5,092	5,770	5,942	2,718
5,505	11,000	20,542	21,770	22,392	10,243
(2,178)	(8,559)	(1,183)	(13,535)	(14,719)	(2,804)
-	4,000	-	-	-	-
(17,019)	-	-	-	-	-
(17,019)	4,000	-	-	-	-
(19,197)	(4,559)	(1,183)	(13,535)	(14,719)	(2,804)
19,197	9,342	139,653	134,063	132,825	63,572
\$ - 0 -	\$ 4,783	\$ 138,470	\$ 120,528	\$ 118,106	\$ 60,768

(continued)

City of Burton
Nonmajor Debt Service Funds
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances (continued)
For the Year Ended June 30, 2006
With Comparative Totals for the Year Ended June 30, 2005

	Water Special Assessment District		
	W-03-1	W-04-1	W-04-2
Revenues:			
Taxes	\$ -	\$ -	\$ -
Special assessments	65,530	52,336	63,331
Intergovernmental - state	-	-	-
Interest	14,177	13,969	12,335
Total revenues	79,707	66,305	75,666
Expenditures:			
Debt service:			
Principal retirement	26,500	25,770	20,725
Interest and fiscal charges	10,378	10,416	9,272
Total expenditures	36,878	36,186	29,997
Excess (deficiency) of revenues over expenditures	42,829	30,119	45,669
Other financing sources (uses)			
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources (uses)	-	-	-
Net change in fund balances:	42,829	30,119	45,669
Fund balances - beginning of year	37,234	28,068	14,773
Fund balances - end of year	\$ 80,063	\$ 58,187	\$ 60,442

Sanitary Sewer Special Assessment Distric					
SS-98-1	SS-98-2	SS-98-3	SS-03-1	SS-04-1	SS-04-2
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
4,159	3,251	8,852	88,734	59,040	79,045
-	-	-	-	-	-
7,727	5,894	4,417	19,193	15,759	15,383
11,886	9,145	13,269	107,927	74,799	94,428
21,500	18,725	13,300	35,900	29,070	25,862
7,754	6,763	4,804	14,059	11,750	11,572
29,254	25,488	18,104	49,959	40,820	37,434
(17,368)	(16,343)	(4,835)	57,968	33,979	56,994
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
(17,368)	(16,343)	(4,835)	57,968	33,979	56,994
204,969	159,433	115,322	50,381	31,669	18,541
\$ 187,601	\$ 143,090	\$ 110,487	\$ 108,349	\$ 65,648	\$ 75,535

(continued)

City of Burton
Nonmajor Debt Service Funds
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances (continued)
For the Year Ended June 30, 2006
With Comparative Totals for the Year Ended June 30, 2005

	T o t a l s	
	2006	2005
Revenues:		
Taxes	\$ 454,387	\$ 499,104
Special assessments	787,799	605,821
Intergovernmental - state	10,905	15,271
Interest	257,603	238,934
Total revenues	1,510,694	1,359,130
Expenditures:		
Debt service:		
Principal retirement	1,657,840	1,668,962
Interest and fiscal charges	463,046	532,756
Total expenditures	2,120,886	2,201,718
Excess (deficiency) of revenues over expenditures	(610,192)	(842,588)
Other financing sources (uses)		
Transfers in	502,971	521,858
Transfers out	(125,754)	(53,981)
Total other financing sources (uses)	377,217	467,877
Net change in fund balances:	(232,975)	(374,711)
Fund balances - beginning of year	3,433,542	3,808,253
Fund balances - end of year	\$ 3,200,567	\$ 3,433,542

Capital Project Funds

Major Streets Capital Projects Fund – This fund is used to account for the construction of major streets or for significant capital improvements made to major streets out of bond proceeds and other matching governmental resources.

Building Authority Capital Projects Fund – This fund is used to account for the construction of the city hall addition and renovation out of the bond proceeds.

Special Assessment - Capital Project Funds - These capital project funds are used to account for the construction phase costs of watermain improvements, sidewalk improvements, storm drainage improvements, sanitary sewer improvements, and paving improvements. Financing is provided by the sale of special assessment bonds. Costs of each project are estimated and property owners are assessed their proportionate share. Property owners are allowed to pay their assessments in full without interest for a specified period of time (usually less than one year) or annually over periods of 12 or 20 years. Property owners are also able to pay all or any portion of their assessment at any time. Most elect to pay installments during the 12 or 20 year periods. The collections of the assessments are deposited directly into a Debt Service Fund (with the exception of certain first year assessments, in some cases) in order to repay the bonded debt.

City of Burton
Capital Projects Special Assessments - Project Number/Name Index
June 30, 2006

Paving Projects

P-98-14	Maple Pointe #8 Subdivision	P-04-4	Dudley Avenue
P-99-1	Nelson Court	W-03-1	Pebble Creek Subdivision
P-00-3	Brabbs Street	W-04-1	Burton Estates Subdivision
P-02-2	Pratt & Wagner Avenues	W-04-2	Mallard Ponds Subdivision
P-03-1	Pebble Creek Subdivision	SS-03-1	Pebble Creek Subdivision
P-04-1	Burton Estates Subdivision	SS-04-1	Burton Estates Subdivision
P-04-2	Mallard Ponds Subdivision	SS-04-2	Mallard Ponds Subdivision
P-04-3	Kosta Street		

NOTE: The above noted special assessment improvement may only
 involve a portion of the referenced street or subdivision.

City of Burton
Nonmajor Capital Project Funds
Combining Balance Sheet
June 30, 2006
With Comparative Totals for June 30, 2005

	Paving Improvement Distric		
	P-98-14	P-99-1	P-00-3
Assets			
Cash and cash equivalent	\$ -	\$ -	\$ -
Due from other funds	-	-	-
Total assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Liabilities and Fund Balance			
Accounts payable	\$ -	\$ -	\$ -
Due to other funds	-	-	-
Total liabilities	-	-	-
Fund balances:			
Unreserved	-	-	-
Total liabilities and fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Paving Improvement Distric					
P-02-2	P-03-1	P-04-1	P-04-2	P-04-3	P-04-4
\$ -	\$ 202,683	\$ 73,951	\$ 51,946	\$ 15,400	\$ 7,764
-	-	-	-	-	-
\$ -	\$ 202,683	\$ 73,951	\$ 51,946	\$ 15,400	\$ 7,764
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	15	8,543	-	-
-	-	15	8,543	-	-
-	202,683	73,936	43,403	15,400	7,764
\$ -	\$ 202,683	\$ 73,951	\$ 51,946	\$ 15,400	\$ 7,764

(continued)

City of Burton
Nonmajor Capital Project Funds
Combining Balance Sheet (continued)
June 30, 2006
With Comparative Totals for June 30, 2005

	Water Improvement District		
	W-03-1	W-04-1	W-04-2
Assets			
Cash and cash equivalent	\$ 45,608	\$ 46,717	\$ 48,851
Due from other funds	-	-	-
Total assets	<u>\$ 45,608</u>	<u>\$ 46,717</u>	<u>\$ 48,851</u>
Liabilities and Fund Balance			
Accounts payable	\$ -	\$ -	\$ -
Due to other funds	-	-	307
Total liabilities	-	-	307
Fund balances:			
Unreserved	45,608	46,717	48,544
Total liabilities and fund balance	<u>\$ 45,608</u>	<u>\$ 46,717</u>	<u>\$ 48,851</u>

Sanitary Sewer Improvement District			T o t a l s	
SS-03-1	SS-04-1	SS-04-2	2006	2005
\$ 40,585	\$ 18,998	\$ 29,092	\$ 581,595	\$ 855,633
-	-	-	-	2,000
\$ 40,585	\$ 18,998	\$ 29,092	\$ 581,595	\$ 857,633
\$ -	\$ -	\$ -	\$ -	\$ 91,767
-	-	88	8,953	15,126
-	-	88	8,953	106,893
40,585	18,998	29,004	572,642	750,740
\$ 40,585	\$ 18,998	\$ 29,092	\$ 581,595	\$ 857,633

City of Burton
Nonmajor Capital Project Funds
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
For the Year Ended June 30, 2006
With Comparative Totals for the Year Ended June 30, 2005

	Paving Improvement District		
	P-98-14	P-99-1	P-00-3
Revenues:			
Interest	\$ 59	\$ 582	\$ 751
Total revenues	59	582	751
Expenditures:			
Capital outlay	-	-	1,376
Total expenditures	-	-	1,376
Deficiency of revenues over expenditures	59	582	(625)
Other financing sources (uses)			
Bond issuance	-	-	-
Transfers in	-	-	-
Transfers out	(329)	(20,235)	(20,565)
Total other financing sources (uses)	(329)	(20,235)	(20,565)
Net change in fund balances	(270)	(19,653)	(21,190)
Fund balances - beginning of year	270	19,653	21,190
Fund balances - end of year	\$ -	\$ -	\$ -

Paving Improvement Distric					
P-02-2	P-03-1	P-04-1	P-04-2	P-04-3	P-04-4
\$ 1,052	\$ 7,342	\$ 4,362	\$ 4,357	\$ 562	\$ 335
1,052	7,342	4,362	4,357	562	335
-	125	52,636	35,950	1,000	1,000
-	125	52,636	35,950	1,000	1,000
1,052	7,217	(48,274)	(31,593)	(438)	(665)
-	-	-	-	-	-
-	-	-	-	-	-
(36,553)	-	-	-	-	-
(36,553)	-	-	-	-	-
(35,501)	7,217	(48,274)	(31,593)	(438)	(665)
35,501	195,466	122,210	74,996	15,838	8,429
\$ -	\$ 202,683	\$ 73,936	\$ 43,403	\$ 15,400	\$ 7,764

(continued)

City of Burton
Nonmajor Capital Project Funds
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances (continued)
For the Year Ended June 30, 2006
With Comparative Totals for the Year Ended June 30, 2005

	Water Improvement District		
	W-03-1	W-04-1	W-04-2
Revenues:			
Interest	\$ 1,656	\$ 1,808	\$ 2,752
Total revenues	1,656	1,808	2,752
Expenditures:			
Capital outlay	-	-	-
Total expenditures	-	-	-
Deficiency of revenues over expenditures	1,656	1,808	2,752
Other financing sources (uses)			
Bond issuance	-	-	-
Transfers in	-	-	-
Transfers out	(125)	(842)	(13,814)
Total other financing sources (uses)	(125)	(842)	(13,814)
Net change in fund balances	1,531	966	(11,062)
Fund balances - beginning of year	44,077	45,751	59,606
Fund balances - end of year	\$ 45,608	\$ 46,717	\$ 48,544

Sanitary Sewer Improvement District			T o t a l s	
SS-03-1	SS-04-1	SS-04-2	2006	2005
\$ 1,477	\$ 1,039	\$ 2,231	\$ 30,365	\$ 33,377
1,477	1,039	2,231	30,365	33,377
-	-	-	92,087	2,092,955
-	-	-	92,087	2,092,955
1,477	1,039	2,231	(61,722)	(2,059,578)
-	-	-	-	1,770,000
-	-	-	-	14,011
(125)	(10,108)	(13,680)	(116,376)	(998,455)
(125)	(10,108)	(13,680)	(116,376)	785,556
1,352	(9,069)	(11,449)	(178,098)	(1,274,022)
39,233	28,067	40,453	750,740	2,024,762
\$ 40,585	\$ 18,998	\$ 29,004	\$ 572,642	\$ 750,740

Enterprise Funds

Water and Sewer Funds - To account for the provision of water and sewer services to the residents of the City. All activities necessary to provide such services are accounted for in these funds including, but not limited to, administration, operations, maintenance, billing and collection.

**City of Burton
Water Utility Enterprise Fund
Statement of Net Assets
June 30, 2006 and 2005**

	<u>2006</u>	<u>2005</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 1,872,072	\$ 1,928,910
Receivables:		
Accounts	1,592	11,739
Unbilled utility charges	575,092	552,221
Tap-in contracts - current	1,433	1,627
Accrued interest	4,679	3,526
Due from other funds	184,219	185,785
Unamortized bond discount	23,622	25,309
Inventory	166,478	143,932
Total current assets	<u>2,829,187</u>	<u>2,853,049</u>
Noncurrent assets:		
Restricted cash and cash equivalents		
Revenue bond covenant accounts	288,794	235,921
Total restricted assets	<u>288,794</u>	<u>235,921</u>
Capital assets:		
Utility system	20,404,841	18,913,078
Office equipment	82,072	80,927
Construction in progress	181,869	1,020,540
Less accumulated depreciation	(4,632,835)	(4,321,042)
Total capital assets (net of accumulated depreciation)	<u>16,035,947</u>	<u>15,693,503</u>
Other assets:		
Tap-in contracts receivable - long-term	70,238	79,755
Total other assets	<u>70,238</u>	<u>79,755</u>
Total assets	<u>19,224,166</u>	<u>18,862,228</u>
Liabilities		
Current liabilities:		
Accounts payable	146,497	214,789
Accrued liabilities	16,943	13,154
Advances from other funds - current	-	180,000
Due to other funds	47,321	40,215
Bonds payable - current	75,000	75,000
Total current liabilities	<u>285,761</u>	<u>523,158</u>
Noncurrent liabilities		
Bonds payable - long term	2,150,000	2,225,000
Total noncurrent liabilities	<u>2,150,000</u>	<u>2,225,000</u>
Total liabilities	<u>2,435,761</u>	<u>2,748,158</u>
Net Assets		
Invested in capital assets, net of related debt	13,810,947	13,393,503
Unrestricted	2,977,458	2,720,567
Total net assets	<u>\$ 16,788,405</u>	<u>\$ 16,114,070</u>

City of Burton
Water Utility Enterprise Fund
Statements of Revenues, Expenses,
and Changes in Net Assets
For the Years Ended June 30, 2006 and 2005

	<u>2006</u>	<u>2005</u>
Operating revenues:		
Charges for services	\$ 2,573,652	\$ 2,429,004
Fines and forfeits	64,104	61,958
Sale of materials	26,955	14,731
Miscellaneous	6,948	5,326
	<hr/>	<hr/>
Total operating revenues	2,671,659	2,511,019
	<hr/>	<hr/>
Operating expenses:		
Personal services	605,267	609,699
Contractual services	32,486	48,234
Supplies	57,690	23,954
Materials	156,858	107,948
Equipment rental	114,649	109,734
Utilities	13,977	14,174
Water purchases	1,450,183	1,530,540
Depreciation	311,793	293,852
Miscellaneous	30,510	26,197
	<hr/>	<hr/>
Total operating expenses	2,773,413	2,764,332
	<hr/>	<hr/>
Operating loss	(101,754)	(253,313)
	<hr/>	<hr/>
Non-operating revenues (expenses)		
Interest on investments	90,113	42,539
Interest on long-term advances to other fund:	(3,071)	(2,481)
Interest on tap-ins	7,118	6,950
Interest expense and fiscal charges	(111,356)	(114,906)
Discount on revenue bonds	(1,687)	(1,687)
Gain on sale of capital assets	-	19,637
	<hr/>	<hr/>
Total non-operating expenses	(18,883)	(49,948)
	<hr/>	<hr/>
Loss before contributions and transfers	(120,637)	(303,261)
	<hr/>	<hr/>
Capital contributions - tap-in fees	767,173	305,588
Transfers in	31,799	518,680
Transfers out	(4,000)	(3,000)
	<hr/>	<hr/>
Change in net assets	674,335	518,007
	<hr/>	<hr/>
Net assets - beginning of year	16,114,070	15,596,063
	<hr/>	<hr/>
Net assets - end of year	<u><u>\$ 16,788,405</u></u>	<u><u>\$ 16,114,070</u></u>

City of Burton
Water Utility Enterprise Fund
Statements of Cash Flows
For the Years Ended June 30, 2006 and 2005

	<u>2006</u>	<u>2005</u>
Cash flows from operating activities:		
Receipts from customers and users	\$ 2,562,494	\$ 2,510,758
Payments to suppliers	(1,940,085)	(1,900,021)
Payments to employees	(601,478)	(622,940)
Other operating revenues	98,007	82,015
	<hr/>	<hr/>
Net cash provided by operating activities	118,938	69,812
	<hr/>	<hr/>
Cash flows from non-capital financing activities:		
Transfers in	31,799	518,680
Transfers out	(4,000)	(3,000)
Interest paid on long-term interfund advance initially used for capital activities	(3,071)	(2,481)
	<hr/>	<hr/>
Net cash provided by non-capital financing activities	24,728	513,199
	<hr/>	<hr/>
Cash flows from capital and related financing activities:		
Customer contributions	230,567	168,568
Acquisition and construction of capital assets	(107,919)	(612,283)
Proceeds from sale of capital assets	-	25,440
Interest payments on long term debt	(111,356)	(114,906)
Principal payments on bonds	(75,000)	(75,000)
Payments on long-term interfund advance used for capital activities	(180,000)	-
	<hr/>	<hr/>
Net cash used in capital and related financing activities	(243,708)	(608,181)
	<hr/>	<hr/>
Cash flows from investing activities:		
Interest on investments	88,960	39,101
Interest on tap-ins	7,117	6,950
	<hr/>	<hr/>
Net cash provided by investing activities	96,077	46,051
	<hr/>	<hr/>
Net increase (decrease) in cash and cash equivalents	(3,965)	20,881
Cash and cash equivalents - beginning of year	2,164,831	2,143,950
	<hr/>	<hr/>
Cash and cash equivalents - end of year	\$ 2,160,866	\$ 2,164,831
(including \$288,794 and \$235,921, respectively, reported in restricted accounts)	<hr/> <hr/>	<hr/> <hr/>

(continued)

City of Burton
Water Utility Enterprise Fund
Statements of Cash Flows (continued)
For the Years Ended June 30, 2006 and 2005

	<u>2006</u>	<u>2005</u>
Reconciliation of operating loss to net cash provided by operating activities:		
Operating loss	\$ (101,754)	\$ (253,313)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation	311,793	293,852
Change in assets and liabilities:		
(Increase) decrease in accounts receivable	10,147	32,522
(Increase) decrease in unbilled utility charges	(22,871)	12,156
(Increase) decrease in due from other funds	1,566	37,076
Increase (decrease) in inventory	(22,546)	(12,753)
Increase (decrease) in accounts payable	(68,292)	80,094
Increase (decrease) in accrued liabilities	3,789	(13,241)
Increase (decrease) in due to other funds	7,106	(106,581)
	<u>220,692</u>	<u>323,125</u>
Net cash provided by operating activities	<u>\$ 118,938</u>	<u>\$ 69,812</u>
Non-cash capital and related financing activities:		
Capital contributions provided by developers	<u>\$ 546,318</u>	<u>\$ 136,324</u>

**City of Burton
Sewer Utility Enterprise Fund
Statement of Net Assets
June 30, 2006 and 2005**

	<u>2006</u>	<u>2005</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 8,641,669	\$ 7,841,321
Receivables:		
Accounts	433,429	452,327
Unbilled utility charges	667,090	655,842
Tap-in contracts - current	629	705
Accrued interest	67,763	43,912
Due from other funds	-	183,004
Advances to other funds - current	-	180,000
Inventory	8,766	7,588
	<hr/>	<hr/>
Total current assets	9,819,346	9,364,699
	<hr/>	<hr/>
Noncurrent assets:		
Capital assets:		
Utility system	36,412,172	35,022,101
Office equipment	464,428	463,146
Construction in progress	218,268	1,432,660
Less accumulated depreciation	(9,512,500)	(9,111,049)
	<hr/>	<hr/>
Total capital assets (net of accumulated depreciation)	27,582,368	27,806,858
	<hr/>	<hr/>
Other assets:		
Tap-in contracts receivable - long-term	30,802	34,484
	<hr/>	<hr/>
Total other assets	30,802	34,484
	<hr/>	<hr/>
Total assets	37,432,516	37,206,041
	<hr/>	<hr/>
Liabilities		
Current liabilities:		
Accounts payable	12,088	11,935
Accrued liabilities	8,964	9,263
Due to other funds	203,345	202,356
Due to other governments	442,672	483,235
	<hr/>	<hr/>
Total current liabilities	667,069	706,789
	<hr/>	<hr/>
Net Assets		
Invested in capital assets	27,582,368	27,806,858
Unrestricted	9,183,079	8,692,394
	<hr/>	<hr/>
Total net assets	\$ 36,765,447	\$ 36,499,252
	<hr/>	<hr/>

City of Burton
Sewer Utility Enterprise Fund
Statements of Revenues, Expenses,
and Changes in Net Assets
For Years Ended June 30, 2006 and 2005

	<u>2006</u>	<u>2005</u>
Operating revenues:		
Charges for services	\$ 2,700,145	\$ 2,663,913
Fines and forfeits	3,377	3,560
Miscellaneous	649	2,077
	<hr/>	<hr/>
Total operating revenues	2,704,171	2,669,550
	<hr/>	<hr/>
Operating expenses:		
Personal services	502,343	498,459
Contractual services	87,289	80,366
Supplies	66,326	45,165
Repairs	8,880	23,294
Equipment rental	50,956	73,783
Treatment fees	1,894,867	1,932,429
Depreciation	401,451	397,283
Miscellaneous	5,383	3,796
	<hr/>	<hr/>
Total operating expenses	3,017,495	3,054,575
	<hr/>	<hr/>
Operating loss	(313,324)	(385,025)
	<hr/>	<hr/>
Non-operating revenues		
Interest on investments	349,834	165,358
Interest on long-term advances to other fund:	3,071	2,481
Interest on tap-ins	1,479	1,608
	<hr/>	<hr/>
Total non-operating revenues	354,384	169,447
	<hr/>	<hr/>
Income (loss) before contributions and transfers	41,060	(215,578)
	<hr/>	<hr/>
Capital contributions	201,222	290,648
Transfers in	23,913	446,372
	<hr/>	<hr/>
Change in net assets	266,195	521,442
	<hr/>	<hr/>
Net assets - beginning of year	36,499,252	35,977,810
	<hr/>	<hr/>
Net assets - end of year	<u><u>\$ 36,765,447</u></u>	<u><u>\$ 36,499,252</u></u>

City of Burton
Sewer Utility Enterprise Fund
Statements of Cash Flows
For the Years Ended June 30, 2006 and 2005

	<u>2006</u>	<u>2005</u>
Cash flows from operating activities		
Receipts from customers and users	\$ 4,785,666	\$ 4,579,057
Payments to suppliers	(4,049,167)	(4,141,930)
Payments to employees	(502,642)	(514,502)
Other operating revenues	4,026	5,637
	<hr/>	<hr/>
Net cash provided by (used in) operating activities	237,883	(71,738)
	<hr/>	<hr/>
Cash flows from noncapital financing activities:		
Transfers	23,913	446,372
Principal received on long-term advances to other fund	180,000	-
Interest on long-term advances to other fund:	3,071	2,481
	<hr/>	<hr/>
Net cash provided by noncapital financing activities	206,984	448,853
	<hr/>	<hr/>
Cash flows from capital and related financing activities		
Capital contributions - tap-in permits	194,080	139,848
Acquisition and construction of capital assets	(166,061)	(728,966)
	<hr/>	<hr/>
Net cash provided by (used in) capital and related financing activities	28,019	(589,118)
	<hr/>	<hr/>
Cash flows from investing activities		
Interest on investments	325,983	147,390
Interest on tap-ins	1,479	1,608
	<hr/>	<hr/>
Net cash provided by investing activities	327,462	148,998
	<hr/>	<hr/>
Net increase (decrease) in cash and cash equivalent	800,348	(63,005)
Cash and cash equivalents - beginning of year	7,841,321	7,904,326
	<hr/>	<hr/>
Cash and cash equivalents - end of year	<u><u>\$ 8,641,669</u></u>	<u><u>\$ 7,841,321</u></u>

(continued)

City of Burton
Sewer Utility Enterprise Fund
Statements of Cash Flows (continued)
For the Years Ended June 30, 2006 and 2005

	<u>2006</u>	<u>2005</u>
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	<u>\$ (313,324)</u>	<u>\$ (385,025)</u>
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities		
Depreciation	401,451	397,283
Change in assets and liabilities:		
(Increase) decrease in accounts receivable	18,898	(19,695)
(Increase) decrease in unbilled utility charges	(11,248)	(8,419)
(Increase) decrease in due from other funds	183,004	10,829
(Increase) decrease in inventory	(1,178)	1,269
Increase (decrease) in accounts payable	153	(17,621)
Increase (decrease) in accrued liabilities	(299)	(16,043)
Increase (decrease) in due to other funds	989	(39,816)
Increase (decrease) in due to other government	(40,563)	5,500
	<u>551,207</u>	<u>313,287</u>
Net cash provided by (used in) operating activities	<u><u>\$ 237,883</u></u>	<u><u>\$ (71,738)</u></u>
Non-cash capital and related financing activities:		
Capital contributions provided by developer	<u><u>\$ 10,900</u></u>	<u><u>\$ 138,635</u></u>

City of Burton
Schedule of Debt Service Requirements
Genesee County Water Supply and Sewage Disposal
System Revenue Bonds
Series 1998

<u>Year</u> <u>Ended</u>	<u>Interest</u> <u>Rate</u>	<u>Annual</u> <u>Debt Service</u>	<u>Interest</u>		<u>Principal</u> <u>December 1</u>	<u>Balance</u>
			<u>December 1</u>	<u>June 1</u>		
						\$2,225,000
6-30-2007	4.600	182,750	54,737	53,013	75,000	2,150,000
6-30-2008	5.000	203,525	53,013	50,512	100,000	2,050,000
6-30-2009	5.000	198,525	50,512	48,013	100,000	1,950,000
6-30-2010	4.650	242,538	48,013	44,525	150,000	1,800,000
6-30-2011	4.750	235,488	44,525	40,963	150,000	1,650,000
6-30-2012	4.800	228,325	40,963	37,362	150,000	1,500,000
6-30-2013	4.850	221,088	37,362	33,726	150,000	1,350,000
6-30-2014	4.900	213,775	33,725	30,050	150,000	1,200,000
6-30-2015	4.950	255,150	30,050	25,100	200,000	1,000,000
6-30-2016	5.000	245,200	25,100	20,100	200,000	800,000
6-30-2017	5.000	235,200	20,100	15,100	200,000	600,000
6-30-2018	5.000	225,200	15,100	10,100	200,000	400,000
6-30-2019	5.000	215,200	10,100	5,100	200,000	200,000
6-30-2020	5.100	205,100	5,100	-	200,000	-
		<u>\$3,107,064</u>	<u>\$468,400</u>	<u>\$413,664</u>	<u>\$2,225,000</u>	

Dated May 1, 1998.

Bonds maturing in the years 2009 to 2019, inclusive, shall be subject to redemption prior to maturity, at the option of the City, in such order as the City shall determine, on any interest payment date on or after December 1, 2008, at par and accrued interest.

1% of the principal amount of each bond called for redemption on or after
December 1, 2008, but prior to December 1, 2010.

½% of the principal amount of each bond called for redemption on or after
December 1, 2010, but prior to December 1, 2015.

No premium called after December 1, 2015.

Security – Bonds are payable solely from the net revenues generated by the Water Utility System.

Internal Service Funds

Motor Pool Fund - To account for the costs of operating and maintaining certain automotive and street maintenance equipment used by other city departments. Such costs are billed to the other departments based on rental rates established by the state of Michigan Department of Highways and Transportation. Actual costs include depreciation on the machinery and equipment used to provide the service. The majority of the machinery and equipment maintained in this fund was purchased by other city departments. Replacement of the assets will be financed by Motor Pool resources and continued contributions from other funds.

Self Insurance Health Care Fund – To initiate and oversee a self-insured health insurance plan, and to account for all related premiums and claims. Under the plan, the City provides health insurance coverage to each employee for the first \$25,000 of annual cumulative claims or \$774,045 for the whole plan, after which reinsurance covers the balance.

Technology – to account the costs of operating & maintaining the information technology services and equipment used by other city departments such costs are billed to the other departments based on historic cost average of usage of these services.

City of Burton
Internal Service Funds
Combining Statement of Net Assets
June 30, 2006
With Comparative Totals for June 30, 2005

	Motor Pool	Self- Insurance Health Care	Technology
Assets			
Current assets:			
Cash and cash equivalents	\$ 450,025	\$ -	\$ -
Accounts receivable	400	-	-
Due from other funds	157,229	1,636	28,230
Inventory	103,602	-	-
Total current assets	711,256	1,636	28,230
Noncurrent assets:			
Land	10,050	-	-
Buildings	348,124	-	-
Vehicles	2,641,225	-	-
Machinery and equipment	518,998	-	13,192
Less accumulated depreciation	(2,573,433)	-	(546)
Total capital assets (net of accumulated depreciation)	944,964	-	12,646
Total assets	1,656,220	1,636	40,876
Liabilities			
Current liabilities:			
Accounts payable	52,789	60	2,932
Accrued liabilities	108	-	1,078
Capital lease payable-current	27,476	-	-
Total current liabilities	80,373	60	4,010
Non-current liabilities			
Capital lease payable - long term	195,824	-	-
Total non-current liabilities	195,824	-	-
Total liabilities	276,197	60	4,010
Net assets			
Invested in capital assets, net of related deb	721,664	-	12,646
Unrestricted	658,359	1,576	24,220
Total net assets	\$ 1,380,023	\$ 1,576	\$ 36,866

Totals	
2006	2005
\$ 450,025	\$ 316,523
400	572
187,095	182,259
103,602	86,242
741,122	585,596
10,050	10,050
348,124	348,124
2,641,225	2,641,263
532,190	515,277
(2,573,979)	(2,384,064)
957,610	1,130,650
1,698,732	1,716,246
55,781	44,397
1,186	719
27,476	26,182
84,443	71,298
195,824	223,301
195,824	223,301
280,267	294,599
734,310	881,167
684,155	540,480
\$ 1,418,465	\$ 1,421,647

City of Burton
Internal Service Funds
Combining Statements of Revenues, Expenses,
and Changes in Net Assets
For the Year Ended June 30, 2006
With Comparative Totals for the Year Ended June 30, 2005

	Motor Pool	Self- Insurance Health Care	Technology
Operating revenues:			
Charges for services	\$ 735,552	\$ 721,093	\$ 213,056
Sale of materials	172,079	-	-
Miscellaneous	212	-	-
	<hr/>	<hr/>	<hr/>
Total operating revenues	907,843	721,093	213,056
	<hr/>	<hr/>	<hr/>
Operating expenses:			
Personal services	94,682	-	101,971
Contractual services	3,981	-	65,076
Supplies	266,378	-	5,466
Materials	177,353	-	-
Repairs	154,038	-	2,270
Utilities	8,442	-	-
Depreciation	271,232	-	546
Insurance	29,817	594,813	-
Claims	-	126,280	-
Miscellaneous	1,772	-	861
	<hr/>	<hr/>	<hr/>
Total operating expenses	1,007,695	721,093	176,190
	<hr/>	<hr/>	<hr/>
Operating income (loss)	(99,852)	-	36,866
	<hr/>	<hr/>	<hr/>
Non-operating revenues (expenses)			
Interest on investments	11,629	-	-
Interest and fiscal charges	(12,324)	-	-
Gain on sale of capital assets	15,995	-	-
	<hr/>	<hr/>	<hr/>
Total non-operating revenues (expenses)	15,300	-	-
	<hr/>	<hr/>	<hr/>
Income (loss) before transfers	(84,552)	-	36,866
	<hr/>	<hr/>	<hr/>
Transfers in	58,500	-	-
Transfers out	(13,996)	-	-
	<hr/>	<hr/>	<hr/>
Change in net assets	(40,048)	-	36,866
	<hr/>	<hr/>	<hr/>
Net assets - beginning of year	1,420,071	1,576	-
	<hr/>	<hr/>	<hr/>
Net assets - end of year	<u><u>\$ 1,380,023</u></u>	<u><u>\$ 1,576</u></u>	<u><u>\$ 36,866</u></u>

Totals	
2006	2005
\$ 1,669,701	\$ 1,395,779
172,079	204,135
212	29,155
1,841,992	1,629,069
196,653	95,519
69,057	7,738
271,844	267,102
177,353	118,877
156,308	102,253
8,442	7,733
271,778	340,328
624,630	573,388
126,280	116,888
2,633	1,610
1,904,978	1,631,436
(62,986)	(2,367)
11,629	2,576
(12,324)	(13,556)
15,995	5,582
15,300	(5,398)
(47,686)	(7,765)
58,500	38,500
(13,996)	(14,277)
(3,182)	16,458
1,421,647	1,405,189
\$ 1,418,465	\$ 1,421,647

City of Burton
Internal Service Funds
Combining Statements of Cash Flows
For the Year Ended June 30, 2006
With Comparative Totals for the Year Ended June 30, 2005

	Motor Pool	Self- Insurance Health Care	Technology	T o t a l s	
				2006	2005
Cash flows from operating activities					
Receipts from quasi-external transactions	\$ 759,148	\$ 721,093	\$ 184,826	\$ 1,665,067	\$ 1,409,164
Payments to suppliers	(650,719)	(721,093)	(70,741)	(1,442,553)	(1,207,181)
Payments to employees	(95,293)	-	(100,893)	(196,186)	(96,242)
Other operating revenues	172,291	-	-	172,291	204,962
Net cash provided by operating activities	185,427	-	13,192	198,619	310,703
Cash flows from non-capital financing activities:					
Transfers in	58,500	-	-	58,500	38,500
Transfers out	(13,996)	-	-	(13,996)	(14,277)
Insurance proceeds	-	-	-	-	28,328
Net cash provided by non-capital financing activities	44,504	-	-	44,504	52,551
Cash flows from capital and related financing activities:					
Acquisition and construction of capital assets	(94,641)	-	(13,192)	(107,833)	(192,413)
Proceeds from sale of capital assets	25,090	-	-	25,090	22,250
Payments on capital lease	(26,183)	-	-	(26,183)	(24,950)
Interest paid on capital lease	(12,324)	-	-	(12,324)	(13,556)
Net cash used in capital and related financing activities	(108,058)	-	(13,192)	(121,250)	(208,669)
Cash flows from investing activities					
Interest on investments	11,629	-	-	11,629	2,576
Net cash provided by investing activities	11,629	-	-	11,629	2,576
Net increase in cash and cash equivalent:	133,502	-	-	133,502	157,161
Cash and cash equivalents - beginning of year	316,523	-	-	316,523	159,362
Cash and cash equivalents - end of year	\$ 450,025	\$ - 0 -	\$ - 0 -	\$ 450,025	\$ 316,523

(continued)

City of Burton
Internal Service Funds
Combining Statements of Cash Flows (continued)
For the Year Ended June 30, 2006
With Comparative Totals for the Year Ended June 30, 2005

	Motor Pool	Self- Insurance Health Care	Technology	T o t a l s	
				2006	2005
Reconciliation of operating income (loss) to net cash provided by operating activities					
Operating income (loss)	\$ (99,852)	\$ -	\$ 36,866	\$ (62,986)	\$ (2,367)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities					
Depreciation	271,232	-	546	271,778	340,328
Insurance proceeds	-	-	-	-	(56,656)
Change in assets and liabilities:					
(Increase) decrease in accounts receivable	172	-	-	172	492
(Increase) decrease in due from other funds	23,424	(30)	(28,230)	(4,836)	12,908
(Increase) decrease in inventory	(17,360)	-	-	(17,360)	(25,867)
Increase (decrease) in accounts payable	8,422	30	2,932	11,384	14,262
Increase (decrease) in accrued liabilities	(611)	-	1,078	467	(723)
Total adjustments	285,279	-	(23,674)	261,605	284,744
Net cash provided by operating activities:	\$ 185,427	\$ - 0 -	\$ 13,192	\$ 198,619	\$ 282,377

City of Burton
Motor Pool Internal Service Fund
Statement of Net Assets
June 30, 2006 and 2005

	<u>2006</u>	<u>2005</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 450,025	\$ 316,523
Accounts receivable	400	572
Due from other funds	157,229	180,653
Inventory	103,602	86,242
	<hr/>	<hr/>
Total current assets	711,256	583,990
	<hr/>	<hr/>
Non-current assets:		
Capital assets:		
Land	10,050	10,050
Buildings	348,124	348,124
Vehicles	2,641,225	2,641,263
Machinery and equipment	518,998	515,277
Less accumulated depreciation	(2,573,433)	(2,384,064)
	<hr/>	<hr/>
Total capital assets (net of accumulated depreciation)	944,964	1,130,650
	<hr/>	<hr/>
Total assets	1,656,220	1,714,640
	<hr/>	<hr/>
Liabilities		
Current liabilities:		
Accounts payable	52,789	44,367
Accrued liabilities	108	719
Capital lease payable-current	27,476	26,182
	<hr/>	<hr/>
Total current liabilities	80,373	71,268
	<hr/>	<hr/>
Non-current liabilities:		
Capital lease payable - long term	195,824	223,301
	<hr/>	<hr/>
Total non-current liabilities	195,824	223,301
	<hr/>	<hr/>
Total liabilities	276,197	294,569
	<hr/>	<hr/>
Net assets		
Invested in capital assets, net of related debt	721,664	881,167
Unrestricted	658,359	538,904
	<hr/>	<hr/>
Total net assets	\$ 1,380,023	\$ 1,420,071
	<hr/>	<hr/>

City of Burton
Motor Pool Internal Service Fund
Statements of Revenues, Expenses,
and Changes in Net Assets
For the Years Ended June 30, 2006 and 2005

	<u>2006</u>	<u>2005</u>
Operating revenues:		
Charges for services	\$ 735,552	\$ 735,675
Sale of materials	172,079	204,135
Miscellaneous	212	29,155
	<hr/>	<hr/>
Total operating revenues	907,843	968,965
	<hr/>	<hr/>
Operating expenses:		
Personal services	94,682	95,519
Contractual services	3,981	7,738
Supplies	266,378	267,102
Materials	177,353	118,877
Repairs	154,038	102,253
Utilities	8,442	7,733
Depreciation	271,232	340,328
Insurance	29,817	30,172
Miscellaneous	1,772	1,610
	<hr/>	<hr/>
Total operating expenses	1,007,695	971,332
	<hr/>	<hr/>
Operating loss	(99,852)	(2,367)
	<hr/>	<hr/>
Non-operating revenues (expenses):		
Interest on investments	11,629	2,576
Interest expense and fiscal charges	(12,324)	(13,556)
Gain on sale of capital assets	15,995	5,582
	<hr/>	<hr/>
Total non-operating revenues (expenses)	15,300	(5,398)
	<hr/>	<hr/>
Loss before transfers	(84,552)	(7,765)
	<hr/>	<hr/>
Transfers in	58,500	38,500
Transfers out	(13,996)	(14,277)
	<hr/>	<hr/>
Change in net assets	(40,048)	16,458
	<hr/>	<hr/>
Net assets - beginning of year	1,420,071	1,403,613
	<hr/>	<hr/>
Net assets - end of year	\$ 1,380,023	\$ 1,420,071
	<hr/>	<hr/>

City of Burton
Motor Pool Internal Service Fund
Statements of Cash Flows
For the Years Ended June 30, 2006 and 2005

	<u>2006</u>	<u>2005</u>
Cash flows from operating activities:		
Receipts from quasi-external transactions	\$ 759,148	\$ 749,060
Payments to suppliers	(650,719)	(547,077)
Payments to employees	(95,293)	(96,242)
Other operating revenues	<u>172,291</u>	<u>204,962</u>
Net cash provided by operating activities	<u>185,427</u>	<u>310,703</u>
Cash flows from non-capital financing activities:		
Transfers in	58,500	38,500
Transfers out	(13,996)	(14,277)
Insurance proceeds	<u>-</u>	<u>28,328</u>
Net cash provided by non-capital financing activities	<u>44,504</u>	<u>52,551</u>
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets	(94,641)	(192,413)
Proceeds from sale of capital assets	25,090	22,250
Payments on capital lease	(26,183)	(24,950)
Interest paid on capital lease	<u>(12,324)</u>	<u>(13,556)</u>
Net cash used in capital and related financing activities	<u>(108,058)</u>	<u>(208,669)</u>
Cash flows from investing activities:		
Interest on investments	<u>11,629</u>	<u>2,576</u>
Net cash provided by investing activities	<u>11,629</u>	<u>2,576</u>
Net increase in cash and cash equivalents	133,502	157,161
Cash and cash equivalents - beginning of year	<u>316,523</u>	<u>159,362</u>
Cash and cash equivalents - end of year	<u><u>\$ 450,025</u></u>	<u><u>\$ 316,523</u></u>

(continued)

City of Burton
Motor Pool Internal Service Fund
Statements of Cash Flows (continued)
For the Years Ended June 30, 2006 and 2005

	<u>2006</u>	<u>2005</u>
Reconciliation of operating loss to net cash provided by operating activities:		
Operating loss	\$ (99,852)	\$ (2,367)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation	271,232	340,328
Insurance proceeds	-	(28,328)
Change in assets and liabilities:		
(Increase) decrease in accounts receivable	172	492
(Increase) decrease in due from other funds	23,424	12,893
(Increase) decrease in inventory	(17,360)	(25,867)
Increase (decrease) in accounts payable	8,422	14,275
Increase (decrease) in accrued liabilities	(611)	(723)
Total adjustments	<u>285,279</u>	<u>313,070</u>
Net cash provided by operating activities	<u><u>\$ 185,427</u></u>	<u><u>\$ 310,703</u></u>

City of Burton
Self Insurance Health Care Internal Service Fund
Statement of Net Assets
June 30, 2006 and 2005

	<u>2006</u>	<u>2005</u>
Assets		
Current assets:		
Due from other funds	<u>\$ 1,636</u>	<u>\$ 1,606</u>
Total assets	<u>1,636</u>	<u>1,606</u>
 Liabilities		
Current liabilities:		
Accounts payable	<u>60</u>	<u>30</u>
Total liabilities	<u>60</u>	<u>30</u>
 Net Assets		
Unrestricted	<u>1,576</u>	<u>1,576</u>
Total net assets	<u><u>\$ 1,576</u></u>	<u><u>\$ 1,576</u></u>

City of Burton
Self Insurance Health Care Internal Service Fund
Statements of Revenues, Expenses,
and Changes in Net Assets
For the Years Ended June 30, 2006 and 2005

	<u>2006</u>	<u>2005</u>
Operating revenues:		
Charges for services	<u>\$ 721,093</u>	<u>\$ 660,104</u>
Operating expenses:		
Insurance	<u>594,813</u>	543,216
Claims	<u>126,280</u>	116,888
Total operating expenses	<u>721,093</u>	660,104
Change in net assets	-	-
Net assets - beginning of year	<u>1,576</u>	1,576
Net assets - end of year	<u><u>\$ 1,576</u></u>	<u><u>\$ 1,576</u></u>

City of Burton
Self Insurance Health Care Internal Service Fund
Statements of Cash Flows
For the Years Ended June 30, 2006 and 2005

	<u>2006</u>	<u>2005</u>
Cash flows from operating activities:		
Receipts from quasi-external transactions	\$ 721,093	\$ 660,104
Payments to suppliers	<u>(721,093)</u>	<u>(660,104)</u>
Net cash provided by operating activities	<u>-</u>	<u>-</u>
Net increase in cash and cash equivalents	-	-
Cash and cash equivalents - beginning of year	<u>-</u>	<u>-</u>
Cash and cash equivalents - end of year	<u><u>\$ - 0 -</u></u>	<u><u>\$ - 0 -</u></u>
 Reconciliation of operating income to net cash provided by operating activities:		
Operating income	<u>\$ -</u>	<u>\$ -</u>
Adjustments to reconcile operating income to net cash provided by operating activities:		
Change in assets and liabilities:		
Increase in due from other funds	(30)	15
Increase in accounts payable	<u>30</u>	<u>(15)</u>
Total adjustments	<u>-</u>	<u>-</u>
Net cash provided by operating activities	<u><u>\$ - 0 -</u></u>	<u><u>\$ - 0 -</u></u>

**City of Burton
Technology Internal Service Fund
Statement of Net Assets
June 30, 2006**

	<u>2006</u>
Assets	
Current assets:	
Due from other funds	<u>\$ 28,230</u>
Total current assets	<u>28,230</u>
Non-current assets:	
Capital assets:	
Equipment	13,192
Less accumulated depreciation	<u>(546)</u>
Total capital assets (net of accumulated depreciation)	<u>12,646</u>
Total assets	<u>40,876</u>
Liabilities	
Current liabilities:	
Accounts payable	2,932
Accrued liabilities	<u>1,078</u>
Total current liabilities	<u>4,010</u>
Net assets	
Invested in capital assets, net of related debt	12,646
Unrestricted	<u>24,220</u>
Total net assets	<u><u>\$ 36,866</u></u>

City of Burton
Technology Internal Service Fund
Statements of Revenues, Expenses,
and Changes in Net Assets
For the Year Ended June 30, 2006

	<u>2006</u>
Operating revenues:	
Charges for services	<u>\$ 213,056</u>
Total operating revenues	<u>213,056</u>
Operating expenses:	
Personal services	101,971
Contractual services	65,076
Supplies	5,466
Repairs	2,270
Depreciation	546
Miscellaneous	<u>861</u>
Total operating expenses	<u>176,190</u>
Change in net assets	36,866
Net assets - beginning of year	<u>-</u>
Net assets - end of year	<u><u>\$ 36,866</u></u>

City of Burton
Technology Internal Service Fund
Statements of Cash Flows
For the Year Ended June 30, 2006

	<u>2006</u>
Cash flows from operating activities:	
Receipts from quasi-external transactions	\$ 184,826
Payments to suppliers	(70,741)
Payments to employees	(100,893)
Other operating revenues	<u>-</u>
Net cash provided by operating activities	13,192
 Cash flows from capital and related financing activities:	
Acquisition and construction of capital assets	<u>(13,192)</u>
 Net increase in cash and cash equivalents	-
Cash and cash equivalents - beginning of year	<u>-</u>
Cash and cash equivalents - end of year	<u><u>\$ -</u></u>
 Reconciliation of operating loss to net cash provided by operating activities:	
Operating Income (loss)	<u>\$ 36,866</u>
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation	546
Change in assets and liabilities:	
(Increase) decrease in due from other funds	(28,230)
Increase (decrease) in accounts payable	2,932
Increase (decrease) in accrued liabilities	<u>1,078</u>
Total adjustments	<u>(23,674)</u>
Net cash provided by operating activities	<u><u>\$ 13,192</u></u>

Fiduciary Funds

Agency Funds

Current Tax Fund – To account for the collection and payment to the county, school districts, and other city funds of property taxes collected by the City on their behalf.

General Agency – To account for the collection and payment to the county, school districts, and other city funds of delinquent property taxes and trailer park fees collected by the City on their behalf. Also, to account for collections and payments for senior citizen activities.

**City of Burton
All Agency Funds
Combining Balance Sheet
June 30, 2006
With Comparative Totals for June 30, 2005**

	Current Tax Fund	General Agency	Totals	
			2006	2005
Assets				
Cash and cash equivalents	\$ 6,689	\$ 77,883	\$ 84,572	\$ 147,172
Liabilities				
Accounts payable	\$ 6,689	\$ 77,883	\$ 84,572	\$ 147,172

**City of Burton
All Agency Funds
Statement of Changes in Assets and Liabilities
Year Ended June 30, 2006**

	Balance July 1, 2005	Additions	Deductions	Balance June 30, 2006
<u>Current Tax Fund</u>				
Assets				
Cash and cash equivalents	\$ 6,195	\$ 58,740,302	\$ 58,739,808	\$ 6,689
Liabilities				
Accounts payable	\$ 6,195	\$ 566	\$ 72	\$ 6,689
Due to other government:	-	58,739,736	58,739,736	-
Total liabilities	\$ 6,195	\$ 58,740,302	\$ 58,739,808	\$ 6,689
<u>General Agency</u>				
Assets				
Cash and cash equivalents	\$ 140,977	\$ 1,721,565	\$ 1,784,659	\$ 77,883
Liabilities				
Accounts payable	\$ 140,977	\$ 3,133,201	\$ 3,196,295	\$ 77,883
<u>Total - All Agency Funds</u>				
Assets				
Cash and cash equivalents	\$ 147,172	\$ 60,461,867	\$ 60,524,467	\$ 84,572
Liabilities				
Accounts payable	\$ 147,172	\$ 3,133,767	\$ 3,196,367	\$ 84,572
Due to other government:	-	58,739,736	58,739,736	-
Total liabilities	\$ 147,172	\$ 61,873,503	\$ 61,936,103	\$ 84,572

**Capital Assets used in the Operation of
Governmental Funds**

City of Burton
Capital Assets used in the Operation of Governmental Funds
Comparative Schedule by Source¹
June 30, 2006 and 2005

	<u>2006</u>	<u>2005</u>
Governmental funds capital assets:		
Land	\$ 157,759	\$ 157,759
Buildings	5,702,922	5,702,922
Improvements other than buildings	1,020,852	1,020,852
Vehicles	1,680,871	1,681,234
Office equipment	755,125	750,839
Machinery and other equipment	918,976	840,798
Federal grant equipment	636,918	575,788
Infrastructure	35,545,874	34,878,882
	<hr/>	<hr/>
Total governmental funds capital assets	<u><u>\$ 46,419,297</u></u>	<u><u>\$ 45,609,074</u></u>
 Investment in governmental funds capital assets by source		
General fund	\$ 15,276,692	\$ 15,341,057
Major and local funds	26,475,854	25,725,946
Police fund	518,930	455,380
Capital improvement fund	1,317,861	1,317,861
Federal entitlement grants	2,086,746	2,025,616
Federal restricted grants	743,214	743,214
	<hr/>	<hr/>
Total governmental funds capital assets	<u><u>\$ 46,419,297</u></u>	<u><u>\$ 45,609,074</u></u>

¹This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. The capital assets of internal service funds are included in governmental activities in the statement of net assets.

City of Burton
Capital Assets used in the Operation of Governmental Funds
Schedule by Function and Activity¹
June 30, 2006

	Total	Land	Buildings
General government:			
City Council	\$ 2,260	\$ -	\$ -
Mayor	70,201	-	-
Controller	18,470	-	-
Assessor	79,368	-	-
Elections	176,616	-	-
Clerk	7,094	-	-
Treasurer	16,001	-	-
City hall and grounds	1,877,297	140,314	1,543,221
Other City property	1,021,101	-	768,410
Building authority	3,685,914	-	3,391,291
Total general government	6,954,322	140,314	5,702,922
Public safety:			
Police	1,271,054	-	-
Fire	1,894,885	-	-
Building department	58,564	-	-
Total public safety	3,224,503	-	-
Public works and utilities:	35,545,874	-	-
Parks and recreation	694,598	17,445	-
Total governmental funds capital assets	\$ 46,419,297	\$ 157,759	\$ 5,702,922

¹This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. The capital assets of internal service funds are included in governmental activities in the statement of net assets.

Improvements Other than Buildings	Vehicles	Office Equipment	Machinery and Equipment	Federal Grant Equipment	Infrastructure
\$ -	\$ -	\$ 2,260	\$ -	\$ -	\$ -
-	50,434	19,767	-	-	-
-	-	18,470	-	-	-
-	25,923	53,445	-	-	-
-	-	90,547	-	86,069	-
-	-	7,094	-	-	-
-	-	16,001	-	-	-
116,823	-	76,939	-	-	-
159,047	20,362	56,353	16,929	-	-
67,829	-	226,794	-	-	-
343,699	96,719	567,670	16,929	86,069	-
-	609,960	93,315	339,921	227,858	-
-	974,193	35,576	562,125	322,991	-
-	-	58,564	-	-	-
-	1,584,153	187,455	902,046	550,849	-
-	-	-	-	-	35,545,874
677,153	-	-	-	-	-
\$ 1,020,852	\$ 1,680,872	\$ 755,125	\$ 918,975	\$ 636,918	\$ 35,545,874

City of Burton
Capital Assets used in the Operation of Governmental Funds
Schedule of Changes by Function and Activity¹
Year Ended June 30, 2006

Function and Activity	Governmental Funds Capital Assets July 1, 2005	Additions	Deductions	Governmental Funds Capital Assets June 30, 2006
General government:				
City Council	\$ 2,260	\$ -	\$ -	\$ 2,260
Mayor	70,201	-	-	70,201
Controller	18,471	-	-	18,471
Assessor	79,368	-	-	79,368
Elections	131,347	45,269	-	176,616
Clerk	7,094	-	-	7,094
Treasurer	16,001	-	-	16,001
City hall and grounds	1,877,297	-	-	1,877,297
Other City property	1,021,100	-	-	1,021,100
Building authority	3,685,914	-	-	3,685,914
 Total general government	 6,909,053	 45,269	 -	 6,954,322
 Public safety:				
Police	1,191,643	145,607	66,196	1,271,054
Fire	1,876,334	85,572	67,021	1,894,885
Building department	58,564	-	-	58,564
 Total public safety	 3,126,541	 231,179	 133,217	 3,224,503
 Public works and utilities:	 34,878,882	 1,340,345	 673,353	 35,545,874
 Parks and recreation	 694,598	 -	 -	 694,598
 Total governmental funds capital assets	 \$ 45,609,074	 \$ 1,616,793	 \$ 806,570	 \$ 46,419,297

¹This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. The capital assets of internal service funds are included in governmental activities in the statement of net assets.

Debt Service Requirements to Maturity Schedule

To account for long-term liabilities expected to be financed from governmental funds and the governmental activities internal service fund other than special assessment funds.

City of Burton
Annual Debt Service Requirements on
Governmental Type Activity Debt

<u>Year Ended</u>	<u>Debt Service Requirements</u>
6-30-2007	2,387,645
6-30-2008	2,077,978
6-30-2009	1,620,668
6-30-2010	1,574,874
6-30-2011	1,445,164
6-30-2012	1,407,188
6-30-2013	1,388,345
6-30-2014	1,020,899
6-30-2015	727,986
6-30-2016	775,249
6-30-2017	724,857
6-30-2018	699,283
6-30-2019	609,406
6-30-2020	266,825
6-30-2021	<u>157,500</u>
	<u><u>\$16,883,867</u></u>
Principal	\$13,821,628
Interest	<u>3,062,239</u>
	<u><u>\$16,883,867</u></u>

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
General obligation	\$4,481,628	\$1,136,361	\$5,617,989
Special assessment debt with governmental commitment	<u>9,340,000</u>	<u>1,925,878</u>	<u>11,265,878</u>
	<u><u>\$13,821,628</u></u>	<u><u>\$3,062,239</u></u>	<u><u>\$16,883,867</u></u>

City of Burton
Schedule of Debt Service Requirements
Genesee County Sewage Disposal #1 City of Burton Trunks, Series #2

<u>Fiscal Year Ended</u>	<u>Debt Fund Requirement</u>	<u>Interest</u>		<u>Principal June 1</u>	<u>Year End Balance</u>
		<u>June 1</u>	<u>December 1</u>		
					\$280,000
6-30-2007	\$155,400	\$7,700	\$7,700	\$140,000	140,000
6-30-2008	147,700	3,850	3,850	140,000	-
	<u>\$303,100</u>	<u>\$11,550</u>	<u>\$11,550</u>	<u>\$280,000</u>	

Notes of this series are dated April 1, 1969. Interest range: 5.25% - 5.5%.

Notes of this issue maturing in the years 1993 through 2008 are subject to redemption prior to maturity at the option of the City at par value and accrued interest, plus a premium as follows:

- 1% of the par value of each note called for redemption after July 1, 1998,
and prior to July 1, 2005;
- 0% of the par value of each note called for redemption after July 1, 2005,
but prior to maturity.

City of Burton
Schedule of Debt Service Requirements
Genesee County Sewage Disposal #1 City of Burton Laterals

<u>Fiscal Year Ended</u>	<u>Debt Fund Requirement</u>	<u>Interest</u>		<u>Principal June 1</u>	<u>Year End Balance</u>
		<u>June 1</u>	<u>December 1</u>		
6-30-2007	\$187,200	\$3,600	\$3,600	\$180,000	\$180,000 -

Notes of this series are dated January 1, 1968. Interest range: 4.0% - 4.9%.

Notes of this issue maturing in the years 1993 through 2004 are subject to redemption prior to maturity at the option of the City at par value and accrued interest, plus a premium as follows:

0% of the par value of each note called for redemption after July 1, 1997,
but prior to maturity.

City of Burton
Schedule of Debt Service Requirements
Genesee County Sewage Disposal #1 City of Burton Laterals, Series #2

<u>Fiscal Year Ended</u>	<u>Debt Fund Requirement</u>	<u>Interest</u>		<u>Principal June 1</u>	<u>Year End Balance</u>
		<u>June 1</u>	<u>December 1</u>		
6-30-2007	\$111,000	\$5,500	\$5,500	\$100,000	\$200,000
6-30-2008	105,500	2,750	2,750	100,000	100,000
					-
	<u>\$216,500</u>	<u>\$8,250</u>	<u>\$8,250</u>	<u>\$200,000</u>	

Notes of this series are dated April 1, 1969. Interest range: 5.25% - 5.4%.

Notes of this issue maturing in the years 1993 through 2008 are subject to redemption prior to maturity at the option of the City at par value and accrued interest, plus a premium as follows:

1% of the par value of each note called for redemption after July 1, 1998,
and prior to July 1, 2005;

0% of the par value of each note called for redemption after July 1, 2005,
but prior to maturity.

City of Burton
Schedule of Debt Service Requirements
Michigan Act 51 Transportation Fund Bonds
1998 Series

<u>Year Ended</u>	<u>Interest Rate</u>	<u>Annual Debt Service</u>	<u>Interest</u>		<u>Principal February 1</u>	<u>Balance</u>
			<u>August 1</u>	<u>February 1</u>		
						\$1,600,000
6-30-2007	4.55	\$272,100	\$36,050	\$36,050	\$200,000	1,400,000
6-30-2008	4.60	263,000	31,500	31,500	200,000	1,200,000
6-30-2009	4.65	253,800	26,900	26,900	200,000	1,000,000
6-30-2010	4.75	294,500	22,250	22,250	250,000	750,000
6-30-2011	4.80	282,625	16,313	16,312	250,000	500,000
6-30-2012	4.25	270,625	10,312	10,313	250,000	250,000
6-30-2013	4.00	260,000	5,000	5,000	250,000	-
		<u>\$1,896,650</u>	<u>\$148,325</u>	<u>\$148,325</u>	<u>\$1,600,000</u>	

Bonds of this series are dated May 1, 1998.

Bonds of this issue are not subject to redemption prior to maturity. These bonds and the interest therein are payable from the proceeds of state-collected taxes returned to the City of Burton as Act 51 monies, or in the case of insufficiency of the state-collected funds, out of the general funds of the City of Burton.

City of Burton
Schedule of Debt Service Requirements
1993 Refunding Building Authority Bonds

<u>Year Ended</u>	<u>Interest Rate</u>	<u>Annual Debt Service</u>	<u>Interest</u>		<u>Principal October 1</u>	<u>Balance</u>
			<u>October 1</u>	<u>April 1</u>		
6-30-2007	4.95	\$106,725	\$4,600	\$2,125	\$100,000	\$185,000
6-30-2008	5.00	87,125	2,125	-	85,000	85,000
						-
		<u>\$193,850</u>	<u>\$6,725</u>	<u>\$2,125</u>	<u>\$185,000</u>	

Bonds of this series are dated May 1, 1993.
The bonds are not subject to optional redemption prior to maturity.

City of Burton
Schedule of Debt Service Requirements
Series 2002 Building Authority Bonds

<u>Year Ended</u>	<u>Interest Rate</u>	<u>Annual Debt Service</u>	<u>Interest</u>		<u>Principal April 1</u>	<u>Balance</u>
			<u>October 1</u>	<u>April 1</u>		
						\$1,625,000
6-30-2007	4.50	\$124,662	\$37,331	\$37,331	\$50,000	1,575,000
6-30-2008	4.40	122,413	36,206	36,207	50,000	1,525,000
6-30-2009	4.25	145,212	35,106	35,106	75,000	1,450,000
6-30-2010	4.10	142,025	33,513	33,512	75,000	1,375,000
6-30-2011	4.20	138,950	31,975	31,975	75,000	1,300,000
6-30-2012	4.30	160,800	30,400	30,400	100,000	1,200,000
6-30-2013	4.40	156,500	28,250	28,250	100,000	1,100,000
6-30-2014	4.50	152,100	26,050	26,050	100,000	1,000,000
6-30-2015	4.55	147,600	23,800	23,800	100,000	900,000
6-30-2016	4.60	193,050	21,525	21,525	150,000	750,000
6-30-2017	4.70	186,150	18,075	18,075	150,000	600,000
6-30-2018	4.75	179,100	14,550	14,550	150,000	450,000
6-30-2019	4.80	171,975	10,988	10,987	150,000	300,000
6-30-2020	4.85	164,775	7,388	7,387	150,000	150,000
6-30-2021	5.00	157,500	3,750	3,750	150,000	-
		<u>\$2,342,812</u>	<u>\$358,907</u>	<u>\$358,905</u>	<u>\$1,625,000</u>	

Original amount - \$1,800,000

Purpose – city hall addition and renovation

Bonds of this series are dated March 1, 2002.

Bonds or portions thereof maturing in the years 2012 to 2021, inclusive, shall be subject to redemption prior to maturity, at the option of the City, in such order as the City shall determine, on any interest payment date on or after April 1, 2011, at par and accrued interest.

City of Burton
Schedule of Debt Service Requirements
Capital Lease - Equipment
Engine 22@ Station #2 & Engine 32@ Station #3

<u>Year</u> <u>Ended</u>	<u>Payment</u>	<u>July 15</u>		<u>Balance</u>
		<u>Interest</u>	<u>Principal</u>	
				\$188,328
6-30-2007	\$52,083	\$2,795	\$49,288	139,040
6-30-2008	52,083	8,439	43,644	92,747
6-30-2009	52,083	5,790	46,293	49,103
6-30-2010	52,083	2,980	49,103	-
	<u>\$208,332</u>	<u>\$20,004</u>	<u>\$188,328</u>	

Date of issue: April 6, 2006

City of Burton
Schedule of Debt Service Requirements
Capital Lease – DPW Vehicles

<u>Year Ended</u>	<u>Payment</u>	<u>July 10</u>		<u>Balance</u>
		<u>Interest</u>	<u>Principal</u>	
				\$223,300
6-30-2007	\$38,507	\$11,031	\$27,476	195,824
6-30-2008	38,506	9,673	28,833	166,991
6-30-2009	38,507	8,249	30,258	136,734
6-30-2010	38,506	6,754	31,752	104,981
6-30-2011	38,507	5,186	33,321	71,661
6-30-2012	38,506	3,540	34,966	36,694
6-30-2013	38,506	1,812	36,694	-
	<u>\$269,545</u>	<u>\$46,245</u>	<u>\$223,300</u>	

Date of issue: June 30, 2004
Interest rate: 4.9397%

City of Burton
Schedule of Debt Service Requirements
Special Assessment Debt with Governmental Commitment
Project W-91-1

<u>Year Ended</u>	<u>Interest Rate</u>	<u>Annual Debt Service</u>	<u>Interest</u>		<u>Principal October 1</u>	<u>Balance</u>
			<u>October 1</u>	<u>April 1</u>		
6-30-2007	4.00	<u>\$10,200</u>	<u>\$200</u>	<u>\$ -</u>	<u>\$10,000</u>	\$10,000 -

Bonds of this series are dated November 1, 1991.

Bonds or portions of bonds in multiples of \$5,000 of this issue maturing in the years 2002 to 2006, inclusive shall be subject to redemption prior to maturity, at the option of the City, in any order of maturity and by lot within any maturity, on any interest payment date on or after October 1, 2001, at par and accrued interest to the date fixed for redemption, plus a premium expressed as a percentage of par, as follows:

1% of the principal amount of each bond or portion thereof called for redemption on or after October 1, 2001, but prior to October 1, 2004.

1/2% of the par value of each bond or portion thereof called for redemption on or after October 1, 2004, but prior to maturity.

City of Burton
Schedule of Debt Service Requirements
Special Assessment Debt with Governmental Commitment
Projects P-94-1, P-94-7, P-94-12, P-94-14, and P-94-15

<u>Year Ended</u>	<u>Interest Rate</u>	<u>Annual Debt Service</u>	<u>Interest</u>		<u>Principal October 1</u>	<u>Balance</u>
			<u>October 1</u>	<u>April 1</u>		
6-30-2007	5.65	<u>\$46,272</u>	<u>\$1,272</u>	<u>\$ -</u>	<u>\$45,000</u>	<u>\$45,000</u> -

<u>Fund</u>	<u>Balance June 30, 2006</u>	<u>%</u>
P-94-1	\$7,758	17.5%
P-94-7	13,307	29.4
P-94-12	4,865	10.9
P-94-14	12,405	27.3
P-94-15	<u>6,665</u>	<u>14.9</u>
	<u>\$45,000</u>	<u>100.0%</u>

Bonds of this series are dated May 1, 1995.

Bonds maturing in the years 2004 to 2006, inclusive, shall be subject to redemption prior to maturity, at the option of the City, in such order as the City shall determine, on any interest payment date on or after October 1, 2004, at par and accrued interest.

City of Burton
Schedule of Debt Service Requirements
Special Assessment Debt with Governmental Commitment
Projects P-95-1, P-95-2, P-95-4, P-95-5, P-95-9, P-95-10, P-95-20, and P-95-20A

<u>Year Ended</u>	<u>Interest Rate</u>	<u>Annual Debt Service</u>	<u>Interest</u>		<u>Principal October 1</u>	<u>Balance</u>
			<u>October 1</u>	<u>April 1</u>		
6-30-2007	5.50	\$70,988	\$3,888	\$2,100	\$65,000	\$140,000
6-30-2008	5.60	77,100	2,100	-	75,000	75,000
						-
		<u>\$148,088</u>	<u>\$5,988</u>	<u>\$2,100</u>	<u>\$140,000</u>	

<u>Fund</u>	<u>Balance June 30, 2006</u>	<u>%</u>
P-95-1	\$ 25,243	18.0%
P-95-2	27,081	19.3
P-95-4	21,122	15.1
P-95-5	3,905	2.8
P-95-9	28,919	20.7
P-95-10	24,993	17.9
P-95-20	6,144	4.2
P-95-20A	2,593	2.0
	<u>\$140,000</u>	<u>100.0%</u>

Bonds of this series are dated May 1, 1996.

Bonds maturing in the years 2005 to 2007, inclusive, shall be subject to redemption prior to maturity, at the option of the City, in such order as the City shall determine, on any interest payment date on or after October 1, 2004, at par and accrued interest.

City of Burton
Schedule of Debt Service Requirements
Special Assessment Debt with Governmental Commitment
Projects P-96-5, P-96-7, and P-96-9

<u>Year Ended</u>	<u>Interest Rate</u>	<u>Annual Debt Service</u>	<u>Interest</u>		<u>Principal October 1</u>	<u>Balance</u>
			<u>October 1</u>	<u>April 1</u>		
6-30-2007	5.10	\$33,885	\$2,325	\$1,560	\$30,000	\$90,000
6-30-2008	5.20	32,340	1,560	780	30,000	60,000
6-30-2009	5.20	30,780	780	-	30,000	30,000
						-
		<u>\$97,005</u>	<u>\$4,665</u>	<u>\$2,340</u>	<u>\$90,000</u>	

<u>Fund</u>	<u>Balance June 30, 2006</u>	<u>%</u>
P-96-5	\$ 10,632	11.9%
P-96-7	54,926	60.9
P-96-9	24,442	27.2
	<u>\$90,000</u>	<u>100.0%</u>

Bonds of this series are dated May 1, 1997.

Bonds maturing in the years 2006 to 2008, inclusive, shall be subject to redemption prior to maturity, at the option of the City, in such order as the City shall determine, on any interest payment date on or after October 1, 2005, at par and accrued interest.

City of Burton
Schedule of Debt Service Requirements
Special Assessment Debt with Governmental Commitment
Projects P-97-2, P-97-3, P-97-4, P-97-5, P-97-6, P-97-7, P-97-8, and W-97-1

<u>Year Ended</u>	<u>Interest Rate</u>	<u>Annual Debt Service</u>	<u>Interest</u>		<u>Principal October 1</u>	<u>Balance</u>
			<u>October 1</u>	<u>April 1</u>		
						\$470,000
6-30-2007	4.60	\$95,920	\$11,323	\$9,597	\$75,000	395,000
6-30-2008	4.60	92,470	9,598	7,872	75,000	320,000
6-30-2009	4.70	88,983	7,873	6,110	75,000	245,000
6-30-2010	4.80	85,420	6,110	4,310	75,000	170,000
6-30-2011	4.90	47,640	4,310	3,330	40,000	130,000
6-30-2012	5.00	26,160	3,330	2,830	20,000	110,000
6-30-2013	5.10	25,150	2,830	2,320	20,000	90,000
6-30-2014	5.10	24,130	2,320	1,810	20,000	70,000
6-30-2015	5.15	23,105	1,810	1,295	20,000	50,000
6-30-2016	5.15	22,075	1,295	780	20,000	30,000
6-30-2017	5.20	16,170	780	390	15,000	15,000
6-30-2018	5.20	15,390	390	-	15,000	-
		<u>\$562,613</u>	<u>\$51,969</u>	<u>\$40,644</u>	<u>\$470,000</u>	

<u>Fund</u>	<u>Assessment Period</u>	<u>Balance June 30, 2006</u>	<u>Collection Period %</u>
P-97-2	12 years	\$ 31,695	7.2%
P-97-3	12 years	40,388	9.1
P-97-4	12 years	27,530	6.2
P-97-5	12 years	29,650	6.7
P-97-6	12 years	38,128	8.6
P-97-7	12 years	26,625	6.0
P-97-8	12 years	100,290	22.8
W-97-1	20 years	175,694	33.4
		<u>\$470,000</u>	<u>100.0%</u>

Bonds of this series are dated May 1, 1998.

Bonds maturing in the years 2005 to 2017, inclusive, shall be subject to redemption prior to maturity, at the option of the City, in such order as the City shall determine, on any interest payment date on or after October 1, 2004, at par and accrued interest.

City of Burton
Schedule of Debt Service Requirements
Special Assessment Debt with Governmental Commitment
Projects P-98-5, W-98-1, and SS-98-1

<u>Year Ended</u>	<u>Interest Rate</u>	<u>Annual Debt Service</u>	<u>Interest</u>		<u>Principal October 1</u>	<u>Balance</u>
			<u>October 1</u>	<u>April 1</u>		
6-30-2007	4.20	\$131,515	\$16,808	\$14,707	\$100,000	\$790,000
6-30-2008	4.20	127,315	14,707	12,608	100,000	690,000
6-30-2009	4.20	123,115	12,608	10,507	100,000	590,000
6-30-2010	4.20	118,915	10,507	8,408	100,000	490,000
6-30-2011	4.25	114,690	8,408	6,282	100,000	390,000
6-30-2012	4.30	110,415	6,282	4,133	100,000	290,000
6-30-2013	4.35	106,090	4,133	1,957	100,000	190,000
6-30-2014	4.35	91,957	1,957	-	90,000	90,000
						-
		<u>\$924,012</u>	<u>\$75,410</u>	<u>\$58,602</u>	<u>\$790,000</u>	

<u>Fund</u>	<u>Balance June 30, 2006</u>	<u>%</u>
P-98-5	\$493,750	62.5%
W-98-1	126,045	16.0
SS-98-1	170,205	21.5
	<u>\$790,000</u>	<u>100.0%</u>

Bonds of this series are dated October 1, 1998.

Bonds or portions thereof maturing in the years 2005 to 2014, inclusive, shall be subject to redemption prior to maturity, at the option of the City, in such order as the City shall determine, on any interest payment date on or after October 1, 2004, at par and accrued interest, plus a premium, as follows:

1% of the principal amount of each bond or portion thereof called for redemption on or after October 1, 2004, but prior to October 1, 2006.

½% of the principal amount of each bond or portion thereof called for redemption on or after October 1, 2006, but prior to October 1, 2008.

No premium shall be paid on bonds or portions thereof called for redemption on or after October 1, 2008.

City of Burton
Schedule of Debt Service Requirements
Special Assessment Debt with Governmental Commitment
Projects P-98-3, P-98-7, P-98-13, P-98-14, W98-2, W-98-3, SS-98-2, and SS-98-3

<u>Year Ended</u>	<u>Interest Rate</u>	<u>Annual Debt Service</u>	<u>Interest</u>		<u>Principal October 1</u>	<u>Balance</u>
			<u>October 1</u>	<u>April 1</u>		
						\$1,325,000
6-30-2007	4.10	\$230,800	\$29,694	\$26,106	\$175,000	1,150,000
6-30-2008	4.20	223,538	26,106	22,432	175,000	975,000
6-30-2009	4.30	216,100	22,432	18,668	175,000	800,000
6-30-2010	4.45	184,000	18,668	15,332	150,000	650,000
6-30-2011	4.60	177,213	15,332	11,881	150,000	500,000
6-30-2012	4.70	170,237	11,881	8,356	150,000	350,000
6-30-2013	4.75	187,556	8,356	4,200	175,000	175,000
6-30-2014	4.80	179,200	4,200	-	175,000	-
		<u>\$1,568,644</u>	<u>\$136,669</u>	<u>\$106,975</u>	<u>\$1,325,000</u>	

<u>Fund</u>	<u>Assessment Period</u>	<u>Balance June 30, 2006</u>	<u>Collection Period %</u>
P-98-3	12 years	\$ 41,720	3.4%
P-98-7	12 years	74,150	6.1
P-98-13	15 years	564,090	42.2
P-98-14	15 years	204,440	15.3
W-98-2	15 years	137,535	9.6
W-98-3	15 years	53,320	4.4
SS-98-2	15 years	150,290	11.1
SS-98-3	15 years	99,455	7.9
		<u>\$1,325,000</u>	<u>100.0%</u>

Bonds of this series are dated May 1, 1999.

Bonds or portions thereof maturing in the years 2004 to 2013, inclusive, shall be subject to redemption prior to maturity, at the option of the City, in such order as the City shall determine, on any interest payment date on or after October 1, 2004, at par and accrued interest, plus a premium, as follows:

½% of the principal amount of each bond or portion thereof called for redemption on or after October 1, 2004, but prior to October 1, 2004.

No premium shall be paid on bonds or portions thereof called for redemption on or after October 1, 2004.

City of Burton
Schedule of Debt Service Requirements
Special Assessment Debt with Governmental Commitment
Projects P-99-1, P-00-3, and P-02-2

<u>Year Ended</u>	<u>Interest Rate</u>	<u>Annual Debt Service</u>	<u>Interest</u>		<u>Principal October 1</u>	<u>Balance</u>
			<u>October 1</u>	<u>April 1</u>		
						\$425,000
6-30-2007	2.00	\$61,688	\$6,094	\$5,594	\$50,000	375,000
6-30-2008	2.00	60,688	5,594	5,094	50,000	325,000
6-30-2009	2.25	34,906	5,094	4,812	25,000	300,000
6-30-2010	2.55	34,306	4,812	4,494	25,000	275,000
6-30-2011	2.80	33,638	4,494	4,144	25,000	250,000
6-30-2012	3.00	32,913	4,145	3,768	25,000	225,000
6-30-2013	3.05	32,156	3,768	3,388	25,000	200,000
6-30-2014	3.15	31,381	3,388	2,993	25,000	175,000
6-30-2015	3.25	30,581	2,993	2,588	25,000	150,000
6-30-2016	3.35	54,337	2,587	1,750	50,000	100,000
6-30-2017	3.45	52,637	1,750	887	50,000	50,000
6-30-2018	3.55	50,887	887	-	50,000	-
		<u>\$510,118</u>	<u>\$45,606</u>	<u>\$39,512</u>	<u>\$425,000</u>	

<u>Fund</u>	<u>Assessment Period</u>	<u>Balance June 30, 2006</u>	<u>Collection Period %</u>
P-99-1	15 years	\$ 53,125	12.5%
P-00-3	15 years	88,543	20.8
P-02-2	15 years	283,332	66.7
		<u>\$425,000</u>	<u>100.0%</u>

Bonds of this series are dated June 1, 2002.

Bonds or portions thereof in multiples of \$5,000, maturing in the years 2009 to 2017, inclusive, shall be subject to redemption prior to maturity, at the option of the City, in any order of maturity and within any maturity by lot, on any interest payment date on or after October 1, 2008, at par and accrued interest to the date fixed for redemption.

City of Burton
Schedule of Debt Service Requirements
Special Assessment Debt with Governmental Commitment
Projects P-03-1, W-03-1, and SS-03-1

<u>Year Ended</u>	<u>Interest Rate</u>	<u>Annual Debt Service</u>	<u>Interest</u>		<u>Principal October 1</u>	<u>Balance</u>
			<u>October 1</u>	<u>April 1</u>		
						\$2,600,000
6-30-2007	2.00	\$274,100	\$38,050	\$36,050	\$200,000	2,400,000
6-30-2008	2.00	270,100	36,050	34,050	200,000	2,200,000
6-30-2009	2.25	265,850	34,050	31,800	200,000	2,000,000
6-30-2010	2.55	261,050	31,800	29,250	200,000	1,800,000
6-30-2011	2.80	255,700	29,250	26,450	200,000	1,600,000
6-30-2012	3.00	249,900	26,450	23,450	200,000	1,400,000
6-30-2013	3.05	243,850	23,450	20,400	200,000	1,200,000
6-30-2014	3.15	237,650	20,400	17,250	200,000	1,000,000
6-30-2015	3.25	231,250	17,250	14,000	200,000	800,000
6-30-2016	3.35	224,650	14,000	10,650	200,000	600,000
6-30-2017	3.45	217,850	10,650	7,200	200,000	400,000
6-30-2018	3.55	210,850	7,200	3,650	200,000	200,000
6-30-2019	3.65	203,650	3,650	-	200,000	-
		<u>\$3,146,450</u>	<u>\$292,250</u>	<u>\$254,200</u>	<u>\$2,600,000</u>	

<u>Fund</u>	<u>Assessment Period</u>	<u>Balance June 30, 2006</u>	<u>Collection Period %</u>
P-03-1	16 years	\$1,788,892	68.8%
W-03-1	16 years	344,565	13.2
SS-03-1	16 years	466,543	18.0
		<u>\$2,600,000</u>	<u>100.0%</u>

Bonds of this series are dated June 1, 2003.

Bonds or portions thereof in multiples of \$5,000, maturing in the years 2009 to 2018, inclusive, shall be subject to redemption prior to maturity, at the option of the City, in any order of maturity and within any maturity by lot, on any interest payment date on or after October 1, 2008, at par and accrued interest to the date fixed for redemption.

City of Burton
Schedule of Debt Service Requirements
Special Assessment Debt with Governmental Commitment
Projects P-04-1, W-04-1, and SS-04-1

<u>Year Ended</u>	<u>Interest Rate</u>	<u>Annual Debt Service</u>	<u>Interest</u>		<u>Principal October 1</u>	<u>Balance</u>
			<u>October 1</u>	<u>April 1</u>		
						\$1,800,000
6-30-2007	2.25	\$207,025	\$29,356	\$27,669	\$150,000	1,650,000
6-30-2008	2.25	203,650	27,669	25,981	150,000	1,500,000
6-30-2009	2.40	200,163	25,981	24,181	150,000	1,350,000
6-30-2010	2.70	196,338	24,181	22,157	150,000	1,200,000
6-30-2011	3.00	192,063	22,156	19,907	150,000	1,050,000
6-30-2012	3.30	187,337	19,906	17,431	150,000	900,000
6-30-2013	3.45	182,275	17,431	14,844	150,000	750,000
6-30-2014	3.65	152,406	14,844	12,562	125,000	625,000
6-30-2015	3.80	147,750	12,563	10,188	125,000	500,000
6-30-2016	3.90	142,938	10,188	7,750	125,000	375,000
6-30-2017	4.00	138,000	7,750	5,250	125,000	250,000
6-30-2018	4.15	132,906	5,250	2,656	125,000	125,000
6-30-2019	4.25	127,656	2,656	-	125,000	-
		<u>\$2,210,507</u>	<u>\$219,931</u>	<u>\$190,576</u>	<u>\$1,800,000</u>	

<u>Fund</u>	<u>Assessment Period</u>	<u>Balance June 30, 2006</u>	<u>Collection Period %</u>
P-04-1	15 years	\$1,141,933	63.4%
W-04-1	15 years	309,228	17.2
SS-04-1	15 years	348,839	19.4
		<u>\$1,800,000</u>	<u>100.0%</u>

Bonds of this series are dated April 1, 2004.

Bonds maturing in the years 2004 to 2012, inclusive, shall not be subject to redemption prior to maturity.

Bonds or portions thereof in multiples of \$5,000, maturing in the years 2013 to 2018, inclusive, shall be subject to redemption prior to maturity, at the option of the City, in any order of maturity and within any maturity by lot, on any interest payment date on or after October 1, 2012, at par and accrued interest to the date fixed for redemption.

City of Burton
Schedule of Debt Service Requirements
Special Assessment Debt with Governmental Commitment
Projects P-04-2, P-04-3, P-04-4, W-04-2 and SS-04-2

<u>Year Ended</u>	<u>Interest Rate</u>	<u>Annual Debt Service</u>	<u>Interest</u>		<u>Principal October 1</u>	<u>Balance</u>
			<u>October 1</u>	<u>April 1</u>		
						\$1,645,000
6-30-2007	2.50	\$177,575	\$27,069	\$25,506	\$125,000	1,520,000
6-30-2008	2.50	174,450	25,506	23,944	125,000	1,395,000
6-30-2009	2.75	171,169	23,944	22,225	125,000	1,270,000
6-30-2010	2.75	167,731	22,225	20,506	125,000	1,145,000
6-30-2011	3.00	164,138	20,506	18,631	125,000	1,020,000
6-30-2012	3.15	160,294	18,631	16,663	125,000	895,000
6-30-2013	3.30	156,262	16,663	14,600	125,000	770,000
6-30-2014	3.40	152,075	14,600	12,475	125,000	645,000
6-30-2015	3.60	147,700	12,475	10,225	125,000	520,000
6-30-2016	3.75	138,200	10,225	7,975	120,000	400,000
6-30-2017	3.80	114,050	7,975	6,075	100,000	300,000
6-30-2018	4.00	110,150	6,075	4,075	100,000	200,000
6-30-2019	4.05	106,125	4,075	2,050	100,000	100,000
6-30-2020	4.10	102,050	2,050	-	100,000	-
		<u>\$2,041,969</u>	<u>\$212,019</u>	<u>\$184,950</u>	<u>\$1,645,000</u>	

<u>Fund</u>	<u>Assessment Period</u>	<u>Balance June 30, 2006</u>	<u>Collection Period %</u>
P-04-2	15 years	\$913,237	55.5%
P-04-3	12 years	53,978	3.3
P-04-4	12 years	64,666	3.9
W-04-2	15 years	272,766	16.6
SS-04-2	15 years	340,353	20.7
		<u>\$1,645,000</u>	<u>100.0%</u>

Bonds of this series are dated September 1, 2004.

Bonds maturing in the years 2005 to 2012, inclusive, shall not be subject to redemption prior to maturity.

Bonds or portions thereof in multiples of \$5,000, maturing in the years 2013 to 2019, inclusive, shall be subject to redemption prior to maturity, at the option of the City, in such order as the City shall determine, on any date on or after October 1, 2012, at par and accrued interest to the date fixed for redemption.

Statistical Section

City of Burton
Net Assets by Component

	As of June 30,			
	2003	2004	2005	2006
Governmental Activities:				
Invested in capital assets, net of related debt	27,278,778	10,991,151	12,840,578	14,207,079
Restricted	8,706,777	14,722,506	15,477,423	3,357,800
Unrestricted	8,850,387	3,491,951	3,112,712	14,297,844
Total net assets	44,835,942	29,205,608	31,430,713	31,862,723
Business Type Activities:				
Invested in capital assets, net of related debt	38,479,388	40,193,641	41,200,361	41,393,315
Restricted	-	-	-	-
Unrestricted	11,339,100	11,380,232	11,412,961	12,160,537
Total net assets	49,818,488	51,573,873	52,613,322	53,553,852
Primary government in total:				
Invested in capital assets, net of related debt	65,758,166	51,184,792	54,040,939	55,600,394
Restricted	8,706,777	14,722,506	15,477,423	3,357,800
Unrestricted	20,189,487	14,872,183	14,525,673	26,458,381
Total net assets	94,654,430	80,779,481	84,044,035	85,416,575

City of Burton
Changes in Governmental Net Assets

	Fiscal Year Ended June 30,			
	2003	2004	2005	2006
Expenses				
General government	758,267	2,284,383	1,945,352	2,108,742
Public Service	1,819,002	3,094,584	1,754,456	1,982,019
Public Safety	5,663,559	6,296,695	6,035,319	5,624,006
Public Works	1,617,045	1,895,436	2,749,461	3,793,648
Parks and Recreation	61,852	100,722	69,319	96,359
Planning and Zoning	83,586	90,016	90,087	78,018
Interest on long-term debt	657,920	631,469	661,562	598,768
Total governmental activities	10,661,231	14,393,305	13,305,556	14,281,560
Program revenues:				
Charges for services				
General government	424,135	599,541	665,068	734,072
Public Service	1,308,044	4,462,887	3,197,864	1,598,035
Public Safety	85,398	90,304	85,428	632,536
Public Works	129,710	-	968,043	335,530
Planning and Zoning	23,150	-	-	-
Total charges for services	1,970,437	5,152,732	4,916,403	3,300,173
Operating grants and contributions	957,562	672,617	3,578,668	3,166,982
Capital grants and contributions	3,620,319	108,782	15,165	148,046
Total program revenue	6,548,318	5,934,131	8,510,236	6,615,201
Net (expense) revenue	(4,112,913)	(8,459,174)	(4,795,320)	(7,666,359)
General revenues:				
Property taxes	4,618,537	4,246,263	4,292,604	4,421,288
State-shared revenues	2,974,857	2,703,933	2,674,385	2,644,622
Motor Fuel Taxes	1,948,054	2,754,454	-	-
Unrestricted Grants and Contributions	668,141	326,492	410,776	282,392
Unrestricted Investment Earnings	232,244	396,440	595,085	763,127
Gain (Loss) on Disposal of Capital Assets	(45,617)	9,256	9,627	38,652
Transfers	2,926	(1,025,924)	(962,052)	(51,712)
Total general revenue and transfers	10,399,142	9,410,914	7,020,425	8,098,369
Change in net assets	6,286,229	951,740	2,225,105	432,010

City of Burton

Changes in Business Type Net assets

	Fiscal Year Ended June 30,			
	2003	2004	2005	2006
Operating Revenue				
Sale of water	2,039,030	2,231,784	2,249,907	2,573,652
Sewage disposal charges	2,623,060	2,592,819	2,587,482	2,700,145
Interest and penalty charges	123,947	123,075	136,779	67,481
Other charges for services	173,403	229,035	206,401	34,552
Total operating revenue	4,959,440	5,176,713	5,180,569	5,375,830
Operating Expenses				
Cost of water produced/purchased	1,164,105	1,409,051	1,530,540	1,450,183
Cost of sewage treatment	1,837,698	2,008,861	1,932,429	1,894,867
Cost of insurance claims	-	-	-	-
Other operation and maintenance costs	1,614,631	1,609,400	1,620,875	1,696,721
Billing and administrative costs	55,265	38,145	43,928	35,893
Depreciation	644,621	692,981	691,135	713,244
Total operating expenses	5,316,320	5,758,438	5,818,907	5,790,908
Operating Income (Loss)	(356,880)	(581,725)	(638,338)	(415,078)
Nonoperating Revenue (Expenses)				
Interest income	11,258	9,117	8,558	8,597
Investment income	163,246	113,714	207,897	439,947
Interest expense	(121,550)	(119,362)	(116,593)	(113,043)
Gain (loss) on disposal of assets	-	-	19,637	-
Income (Loss) - Before contributions and other items	(303,926)	(578,256)	(518,839)	(79,577)
Capital Contributions	415,387	1,305,641	596,236	968,395
Capital grants	-	-	-	-
Special assessments	-	2,076	-	-
Lines constructed by developers				
Total capital contributions	415,387	1,307,717	596,236	968,395
Transfers from other funds	-	1,028,924	965,052	55,712
Transfers to other funds	(2,926)	(3,000)	(3,000)	(4,000)
Change in Net Assets	108,535	1,755,385	1,039,449	940,530

City of Burton

Fund Balances, Governmental Funds

	As of June 30,									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
General Fund:										
Reserved	225,629	189,705	156,929	240,068	252,459	282,955	313,392	530,816	454,279	445,906
Unreserved	964,953	1,756,701	1,497,419	1,842,516	1,899,905	1,609,734	1,768,506	1,189,778	1,420,956	1,633,703
Total general fund	1,190,582	1,946,406	1,654,348	2,082,584	2,152,364	1,892,689	2,081,898	1,720,594	1,875,235	2,079,609
All other governmental funds:										
Reserved	3,054,487	3,268,506	3,181,033	3,235,058	4,151,849	4,705,790	4,743,971	4,511,126	4,578,768	4,855
Unreserved, reported in:										
Designated for building department	-	-	-	-	5,000	5,000	5,000	-	-	-
Special revenue funds	775,958	1,186,716	1,520,224	1,592,736	1,889,247	2,177,376	3,649,414	3,060,168	3,421,005	4,420,975
Debt services funds	-	-	-	-	-	-	-	-	-	4,034,490
Capital project funds	394,991	3,006,644	3,094,400	215,775	31,633	1,198,293	1,894,358	2,024,762	750,740	577,642
Total all other governmental funds	4,225,436	7,461,866	7,795,657	5,043,569	6,077,729	8,086,459	10,292,743	9,596,056	8,750,513	9,037,962

City of Burton
Changes in Fund Balances, Governmental Funds

	1997	1998	1999
Revenue			
Property taxes	3,499,088	3,723,167	3,751,050
Special Assessments	1,028,305	1,013,671	871,606
Licenses and permits	380,910	462,045	486,123
Federal grants	90,304	272,780	188,155
State-shared revenues (and grants)	3,563,818	4,017,491	4,103,444
Local	104,885	106,638	547,612
Charges for services	1,437,147	1,520,335	1,564,032
Fines and forfeitures	100,612	100,983	124,083
Net investment income	-	-	-
Interest	568,273	597,706	684,575
Miscellaneous	295,841	251,719	206,871
Total revenue	11,069,183	12,066,535	12,527,551
Expenditures			
Current:			
General government	1,502,030	1,430,033	1,576,958
Public Service	1,525,999	1,560,142	1,683,018
Public safety:			
Police and Fire	3,510,201	3,491,142	3,925,894
Building inspections	290,693	261,799	293,842
Public works:			
Streets	1,013,336	847,527	1,105,242
Parks and recreation	34,869	17,534	21,244
Planning	50,794	74,606	93,237
Capital outlay	892,172	1,473,037	5,042,752
Debt service principal	2,240,778	2,275,776	2,025,873
Debt service interest	953,429	834,441	836,309
Total expenditures	12,014,301	12,266,037	16,604,369
Excess of Revenue Over (Under) Expenditures	(945,118)	(199,502)	(4,076,818)
Other Financing Sources (Uses)			
Debt issuance	320,000	3,495,000	3,940,000
Net decrease in fair value of investments	-	-	-
Sale of fixed assets	29,078	9,079	19,044
Proceeds from capital lease	-	-	-
Transfers in	3,559,211	3,557,060	4,074,283
Transfers out	(3,429,479)	(3,351,954)	(3,914,776)
Total other financing sources (uses)	478,810	3,709,185	4,118,551
Net change in fund balances	(466,308)	3,509,683	41,733
Fund Balances - Beginning of year	5,882,326	5,898,589	9,408,272
Fund Balances - End of year	5,416,018	9,408,272	9,450,005
Debt service as a percentage of noncapital expenditures	28.72%	28.82%	24.76%

Year Ended June 30,						
2000	2001	2002	2003	2004	2005	2006
3,898,239	4,070,202	4,246,019	4,618,537	4,246,263	4,292,603	4,423,110
1,259,921	1,622,467	1,615,069	1,010,984	496,260	911,242	1,533,535
518,313	568,492	464,378	273,534	531,829	537,698	564,718
638,235	398,229	849,369	649,260	781,399	913,603	664,308
4,457,368	4,857,818	5,012,184	4,977,381	5,458,387	5,354,614	5,288,281
461,881	120,480	39,612	439,250	497,953	474,180	139,419
1,650,984	1,756,856	1,818,549	1,840,727	1,909,134	2,025,238	2,102,444
99,989	114,784	114,429	94,835	105,520	186,170	240,287
-	-	-	-	18,126	30,546	-
774,639	705,009	371,549	234,308	377,282	561,971	698,840
193,297	169,156	196,030	223,565	219,457	224,603	202,393
13,952,866	14,383,493	14,727,188	14,362,381	14,641,610	15,512,468	15,857,335
1,699,387	1,805,473	1,931,443	1,937,602	2,066,601	1,945,352	2,032,257
1,838,712	1,920,914	1,839,800	1,819,002	1,669,874	1,788,488	1,833,503
4,087,047	4,547,584	4,947,608	5,299,298	5,747,162	5,721,139	5,544,128
281,151	331,921	338,309	331,586	324,760	314,179	
909,272	1,223,576	1,062,793	1,312,656	1,614,097	1,731,324	1,724,830
39,478	85,958	124,535	100,128	60,582	35,287	44,085
77,943	91,675	87,002	83,586	90,016	90,088	78,018
4,902,795	401,992	1,588,402	1,737,094	2,687,880	2,886,290	1,488,509
2,171,037	2,275,912	2,095,310	2,168,520	1,803,521	1,830,062	1,960,000
947,844	801,194	674,047	657,920	625,158	648,011	586,446
16,954,666	13,486,199	14,689,249	15,447,392	16,689,651	16,990,220	15,291,776
(3,001,800)	897,294	37,939	(1,085,011)	(2,048,041)	(1,477,752)	565,559
-	-	1,800,000	3,445,000	2,025,000	1,770,000	-
-	(7,122)	(32,782)	(4,534)	-	-	-
81,776	42,068	1,593	24,440	14,931	3,124	22,480
396,402	-	-	-	-	-	-
3,956,112	4,255,994	4,301,338	4,306,522	4,640,350	4,523,643	4,905,418
(3,756,342)	(4,084,294)	(4,359,033)	(4,290,917)	(5,690,231)	(5,509,918)	(5,001,634)
677,948	206,646	1,711,116	3,480,511	990,050	786,849	(73,736)
(2,323,852)	1,103,940	1,749,055	2,395,500	(1,057,991)	(690,903)	491,823
9,450,005	7,126,153	8,230,093	9,979,141	12,374,641	11,316,651	10,625,748
7,126,153	8,230,093	9,979,148	12,374,641	11,316,650	10,625,748	11,117,571
25.88%	23.52%	21.14%	20.62%	17.35%	17.57%	18.45%

Revenue Capacity

These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.

City of Burton

Taxable value and actual value of taxable property

Tax Year	Fiscal year ended June 30,	Taxable Value by Property Type:					Tax rate (mills)	Estimated Actual Value	Value as a % of Actual
		Real property:			Personal property	Total Value			
		Residential	Commercial	Industrial					
1996	1997	260,569,800	84,645,345	25,386,195	49,703,100	420,304,440	8.31	857,186,088	49.03%
1997	1998	277,493,900	90,143,090	27,035,030	51,633,400	446,305,420	8.31	937,133,620	47.62%
1998	1999	294,017,120	95,510,610	28,644,820	56,178,300	474,350,850	7.91	1,010,019,160	46.96%
1999	2000	310,435,650	100,855,050	30,230,210	57,223,500	498,744,410	7.80	1,088,972,940	45.80%
2000	2001	330,567,310	109,662,644	30,963,650	60,835,190	532,028,794	7.66	1,183,968,428	44.94%
2001	2002	356,363,100	115,659,300	33,982,460	64,749,800	570,754,660	7.45	1,294,050,040	44.11%
2002	2003	381,823,420	121,617,860	34,001,390	64,092,500	601,535,170	7.33	1,203,244,340	49.99%
2003	2004	404,109,100	126,512,810	33,689,690	62,368,900	626,680,500	6.80	1,511,550,880	41.46%
2004	2005	430,720,540	131,100,970	34,832,340	64,036,900	660,690,750	6.48	1,604,732,780	41.17%
2005	2006	465,505,260	137,792,640	36,317,740	57,257,100	696,872,740	6.36	1,706,015,160	40.85%

Note: Under Michigan law, the revenue base is referred to as "Taxable Value". This amount represents Assessed value (50% of true cash value), limited for each property by the lower of 5% or inflation.

Taxes levied in a particular "tax year" become revenue of the subsequent fiscal year

City of Burton

Direct and overlapping property tax rates

Tax Year	Millage rates - direct city taxes				Overlapping taxes								Total tax rate:	
	General operating	Debt	Police	Total direct taxes	DDA	County	Airport	MTA	Community college	Intermediate school district	School: Homestead	School: Non-homestead	Homestead	Non-homestead
1996	4.84	2.50	0.97	8.31	1.94	13.26	0.49	0.40	1.87	3.60	1.60	19.60	31.47	49.47
1997	4.84	2.50	0.97	8.31	1.94	13.26	0.49	0.40	1.87	3.60	-	18.00	29.87	47.87
1998	4.84	2.10	0.97	7.91	1.93	13.36	0.49	0.40	1.87	3.60	-	18.00	29.56	47.56
1999	4.83	2.00	0.97	7.80	1.93	13.34	0.49	0.40	1.87	3.61	-	18.00	29.44	47.44
2000	4.80	1.90	0.96	7.66	1.93	13.34	0.49	0.40	1.87	3.59	-	17.92	29.28	47.20
2001	4.79	1.70	0.96	7.45	1.84	13.32	0.49	0.40	2.87	3.58	1.99	19.91	31.94	49.86
2002	4.78	1.60	0.95	7.33	1.91	13.30	0.49	0.40	2.83	3.57	3.48	21.40	33.31	51.23
2003	4.75	1.10	0.95	6.80	1.89	13.26	0.49	0.40	2.75	3.55	3.48	21.40	32.62	50.54
2004	4.74	0.75	0.99	6.48	1.89	13.23	0.48	0.79	2.68	3.54	3.48	21.40	32.57	50.49
2005	4.72	0.65	0.99	6.36	1.89	13.27	0.48	0.79	2.68	3.54	3.46	21.38	32.47	50.39

Note: Michigan law restricts the maximum millage that may be levied by the City without a vote of our residents, as follows:

	General operating	Debt	Police
2005	4.72	0.65	0.99

City of Burton

Principal property tax payers

Taxpayer		2005 Taxable Value	Percentage of total	1996 Taxable Value	Percentage of total	1996 rank
1	Consumers Energy	15,244,214	1.69%	12,787,500	2.98%	3
2	TDC Courtland Leaseco, L.L.C.	11,250,100	1.24%	13,616,400	3.18%	2
3	Delphi Automotive	7,747,600	0.97%	16,972,300	3.96%	1
4	Meijer, Inc	6,401,800	0.97%	5,493,700	1.28%	5
5	Lowes Home Centers, Inc.	5,126,460	0.75%	N/A	N/A	N/A
6	Wal-Mart Real Estate Business Trust	4,034,390	0.66%	3,732,000	0.87%	6
7	Heritage Property Investment Trust	4,180,230	0.65%	N/A	N/A	N/A
8	General Warehouse Corp.	3,535,040	0.49%	N/A	N/A	N/A
9	Home Depot U.S.A., Inc	3,492,370	0.49%	2,042,100	0.48%	9
10	National Amusements	3,417,060	0.53%	3,199,500	0.75%	7

City of Burton**Property tax levies and collections**

Tax Year	Fiscal year ended June 30,	Total levy	Current collections	Percent collected	Delinquent collections	Total tax collections	Percent of levy collected
1996	1997	3,489,136	3,227,929	92.5%	248,473	3,476,402	99.6%
1997	1998	3,705,938	3,426,132	92.4%	265,230	3,691,362	99.6%
1998	1999	3,744,863	3,462,489	92.5%	269,814	3,732,303	99.7%
1999	2000	3,914,383	3,657,225	93.4%	244,598	3,901,823	99.7%
2000	2001	4,076,132	3,772,068	92.5%	281,916	4,053,984	99.5%
2001	2002	4,246,434	3,915,109	92.2%	307,834	4,222,943	99.4%
2002	2003	4,401,935	4,117,703	93.5%	264,518	4,382,221	99.6%
2003	2004	4,288,160	3,995,920	93.2%	268,037	4,263,957	99.4%
2004	2005	4,285,315	4,015,816	93.7%	247,053	4,262,869	99.5%
2005	2006	4,429,094	4,117,667	93.0%	288,715	4,406,382	99.5%

Debt Capacity

These schedules contain information to help the reader assess the affordability of the City's current levels of outstanding debt, and the City's ability to issue additional debt in the future.

City of Burton

Ratios of outstanding debt

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Governmental Activities:										
General obligation bonds	9,680,968	10,735,203	9,514,329	8,153,292	6,847,350	7,577,040	6,413,520	5,515,000	4,790,000	4,070,000
Installment purchase agreements	-	-	-	-	-	-	-	-	-	-
Special assessment bonds	5,860,000	6,025,000	9,160,000	8,350,000	7,380,000	6,355,000	8,795,000	9,915,000	10,580,000	9,340,000
Revenue bonds	-	-	-	-	-	-	-	-	-	-
Capital leases	-	-	-	396,402	361,184	329,324	295,697	534,639	472,230	411,627
Total	15,540,968	16,760,203	18,674,329	16,899,694	14,588,534	14,261,364	15,504,217	15,964,639	15,842,230	13,821,627
Business Type Activities:										
General obligation bonds	-	-	-	-	-	-	-	-	-	-
Installment purchase agreements	-	-	-	-	-	-	-	-	-	-
Special assessment bonds	-	-	-	-	-	-	-	-	-	-
Revenue bonds	-	2,500,000	2,500,000	2,500,000	2,500,000	2,475,000	2,425,000	2,375,000	2,300,000	2,225,000
Capital leases	-	-	-	-	-	-	-	-	-	-
Total	-	2,500,000	2,500,000	2,500,000	2,500,000	2,475,000	2,425,000	2,375,000	2,300,000	2,225,000
Total debt of the government	15,540,968	19,260,203	21,174,329	19,399,694	17,088,534	16,736,364	17,929,217	18,339,639	18,142,230	16,046,627
Total residential personal income	458,445	466,237	475,566	622,769	641,439	660,684	680,506	700,933	719,815	749,327
Ratio of total debt to personal income	2.95%	2.42%	2.25%	3.21%	3.75%	3.95%	3.80%	3.82%	3.97%	4.67%
Total Population	27,437	27,437	27,437	30,308	30,308	30,308	30,308	30,308	30,308	30,308
Total debt per capita	566	702	772	640	564	552	592	605	599	529

City of Burton

Ratios of general bonded debt outstanding

Fiscal Year	Other general obligation debt	Less pledged debt service funds	Net general bonded debt	Taxable value	Debt as a percentage of taxable value	Population	Debt per capita
1997	9,680,968	156,000	9,524,968	420,304,440	2.27%	27,437	347
1998	10,735,203	214,000	10,521,203	446,305,420	2.36%	27,437	383
1999	9,514,329	161,000	9,353,329	474,350,850	1.97%	27,437	341
2000	8,153,292	142,000	8,011,292	498,744,410	1.61%	30,308	264
2001	6,847,350	152,000	6,695,350	532,028,794	1.26%	30,308	221
2002	7,577,040	110,000	7,467,040	570,754,660	1.31%	30,308	246
2003	6,413,520	75,000	6,338,520	601,535,170	1.05%	30,308	209
2004	5,515,000	87,000	5,428,000	626,680,500	0.87%	30,308	179
2005	4,790,000	109,000	4,681,000	660,690,750	0.71%	30,308	154
2006	4,070,000	109,000	3,961,000	696,872,740	0.57%	30,308	131

City of Burton**Direct and overlapping governmental activities debt**

Governmental unit	Debt outstanding	Estimated % applicable	of direct, indirect and overlapping debt
Mott Community College	80,710,000	6.2%	4,995,949
Genesee County	36,510,621	6.5%	2,369,539
School Districts	193,935,000	18.3%	35,503,102
Bishop Airport Authority	10,555,000	6.5%	685,020
Total overlapping debt	321,710,621		43,553,610
Direct City debt	14,975,000	100.0%	14,975,000
Indirect City debt	1,080,000	100.0%	1,080,000
Total direct, indirect and overlapping debt	337,765,621		59,608,610

City of Burton
Legal debt margin

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Calculation of debt limit:										
Assessed valuation	428,593,044	468,566,810	505,009,580	544,486,470	591,984,214	647,025,020	601,622,170	755,775,440	802,366,390	853,007,580
10% of assessed value	42,859,304	46,856,681	50,500,958	54,448,647	59,198,421	64,702,502	60,162,217	75,577,544	80,236,639	85,300,758
Calculation of debt subject to limit:										
Total debt	15,540,968	19,260,203	21,174,329	19,399,694	17,088,534	16,736,364	17,929,217	18,339,639	18,142,230	16,046,627
Less: debt not subject to limit:										
Special assessment bonds	5,860,000	6,025,000	9,160,000	8,350,000	7,380,000	6,355,000	8,795,000	9,915,000	10,580,000	9,340,000
Revenue bonds	-	2,500,000	2,500,000	2,500,000	2,500,000	2,475,000	2,425,000	2,375,000	2,300,000	2,225,000
Capital leases	-	-	-	396,402	361,184	329,324	295,697	534,639	472,230	411,627
Exempt general obligation debt	8,595,968	9,750,203	8,629,329	7,368,292	6,142,350	5,177,040	4,143,520	3,400,000	2,830,000	2,260,000
net debt subject to limit	1,085,000	985,000	885,000	785,000	705,000	2,400,000	2,270,000	2,115,000	1,960,000	1,810,000
Legal debt margin	41,774,304	45,871,681	49,615,958	53,663,647	58,493,421	62,302,502	57,892,217	73,462,544	78,276,639	83,490,758
Net debt subject to limit as % of debt limit	2.53%	2.10%	1.75%	1.44%	1.19%	3.71%	3.77%	2.80%	2.44%	2.12%

City of Burton

Pledged-revenue coverage

Fiscal year	Water and sewer revenue bonds						Special assessment bonds			
	Gross revenues	Applicable expenses	Net revenues	Debt service		Coverage	assessment collections	Debt service		Coverage
				Principal	Interest			Principal	Interest	
1997	1,798,657	1,423,545	375,112	-	-	0.00%	940,004	2,240,778	953,429	29.43%
1998	1,900,221	1,518,764	381,457	-	-	0.00%	933,077	2,275,776	834,441	30.00%
1999	2,183,334	1,780,319	403,015	-	131,814	3.06%	871,606	2,025,873	836,309	30.45%
2000	2,175,482	1,609,994	565,488	-	121,675	4.65%	1,259,921	2,171,037	947,844	40.40%
2001	2,222,967	1,701,578	521,389	-	121,675	4.29%	1,622,467	2,275,912	801,194	52.73%
2002	2,149,935	1,839,983	309,952	25,000	121,137	2.12%	1,615,069	2,095,310	674,047	58.32%
2003	2,259,094	2,061,686	197,408	50,000	119,863	1.16%	1,010,984	2,168,520	657,920	35.77%
2004	2,510,311	2,281,541	228,770	50,000	117,675	1.36%	496,260	1,803,521	625,158	20.43%
2005	2,511,019	2,470,480	40,539	75,000	114,906	0.21%	911,242	1,105,062	648,011	51.98%
2006	2,671,659	2,461,620	210,039	75,000	111,181	1.13%	1,533,535	1,240,000	360,312	95.83%

Demographics and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

City of Burton**Demographic and economic statistics**

Fiscal year	Population	Personal income (in thousands)	Per Capita Personal Income	Unemploy- ment rate
1997	27,437	458,445	16,709	3.6%
1998	27,437	466,237	16,993	3.5%
1999	27,437	475,566	17,333	3.0%
2000	30,308	622,769	20,548	3.6%
2001	30,308	641,439	21,164	5.6%
2002	30,308	660,684	21,799	6.0%
2003	30,308	680,506	22,453	7.1%
2004	30,308	700,933	23,127	8.3%
2005	30,308	719,815	23,750	7.8%
2006	30,308	749,327	24,724	7.7%

City of Burton**Principal employment industries**

Industry	2006	Percentage of total	1997	Percentage of total
	Number of Jobs (1)		Number of Jobs (1)	
Trade, Transportation, and Utilities	31,400	20.22%	34,300	18.95%
Education and Health Services	24,700	15.90%	22,200	12.27%
Government	23,700	15.26%	23,900	13.20%
Manufacturing	20,800	13.39%	44,700	24.70%
Leisure and Hospitality	16,200	10.43%	17,100	9.45%
Professional and Business Services	15,400	9.92%	16,800	9.28%
Natural Resources, Mining, and Construction	7,100	4.57%	7,400	4.09%
Other Services	7,100	4.57%	6,300	3.48%
Financial Activities	6,500	4.19%	6,300	3.48%
Information	2,400	1.55%	2,000	1.10%
Total	<u>155,300</u>	<u>100.00%</u>	<u>181,000</u>	<u>100.00%</u>

Notes:

(1) Source: Bureau of Labor Statistics (Non-Farm Employment). Number of jobs is presented for the Flint metropolitan area which includes Genesee County.

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

City of Burton

Full-time equivalent government employees

Function/ program	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
General government:										
Mayor	3	3	4	4	4	5	5	4	4	4
Clerk	3	3	4	3	3	3	3	3	3	4
Treasurer	5	5	6	5	5	5	5	5	5	5
Controller	4	4	4	4	4	4	4	3	4	4
Assessor	3	3	3	3	3	3	3	3	2	3
City Hall	1	1	1	2	2	2	2	3	3	1
Senior Citizens	1	1	1	1	1	1	1	1	1	1
Public safety:										
Police	43	43	43	45	47	47	46	45	40	41
Fire	3	3	3	3	3	3	3	3	3	3
Building	6	6	6	6	5	6	5	6	5	5
Public works:										
DPW	4	4	4	4	4	4	3	3	2	2
Streets	5	5	5	5	5	5	8	9	11	11
Water and sewer	12	14	13	14	14	15	15	15	15	16
Total	93	95	97	99	100	103	103	103	98	100

City of Burton
Operating indicators

Function/ program	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Election data:										
Registered voters	19,877	21,014	20,070	20,831	20,788	19,638	20,077	21,300	21,434	21,745
Voters (at the polls or absentee)	2,811	8,619	5,356	12,432	3,724	8,579	5,959	14,271	4,414	3,565
Percent voting	14.14%	41.02%	26.69%	59.68%	17.91%	43.69%	29.68%	67.00%	20.59%	16.39%
Police:										
Physical arrests	N/A	N/A	N/A	1,083	1,139	1,045	1,012	1,226	N/A	N/A
Traffic violations	N/A	N/A	N/A	3,264	3,115	4,366	3,802	5,745	N/A	N/A
Investigations	N/A	N/A	N/A	3,694	3,833	3,779	3,392	3,265	N/A	N/A
Fire										
Fire runs	552	767	694	655	677	675	864	688	593	599
Inspections	N/A	N/A	N/A	N/A	N/A	186	160	117	231	245
Public works										
Miles of street resurfaced	7.21	12.58	29.19	18.98	0.58	1.43	1.29	4.34	4.49	3.76
Potholes repaired	29,770	30,199	30,315	30,325	34,589	35,570	45,050	45,395	46,958	47,223
Refuse collected (tons)	11,092	11,207	11,272	11,563	11,690	11,809	11,916	12,050	12,183	12,336
Parks and recreation:										
Recreation program attendance	N/A	N/A	N/A	N/A	N/A	N/A	N/A	472	555	493
Library:										
Circulation (books borrowed)	93,509	93,509	93,509	93,509	93,509	93,509	93,509	93,509	139,801	226,040
Collection volume	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	65,688	82,204
Water										
Number of customers billed	5,007	5,302	6,113	6,248	6,395	6,454	6,510	6,635	6,775	6,885
Total consumption (thousands of gallons)	481,182	600,349	661,849	524,770	552,206	601,902	649,845	610,581	631,507	565,316
Average consumption per user (thousands of gallons)	96	113	108	84	86	93	100	92	93	82
Sewer:										
Number of customers billed	10,734	11,029	11,840	11,977	12,089	12,131	12,197	12,314	12,618	12,732
Average daily sewage consumption (thousands of gallons)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1,447	1,415	1,454

City of Burton

Capital asset statistics

Function/ program	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	N/A	N/A	N/A	12	14	14	13	12	N/A	N/A
Fire										
Stations	3	3	3	3	3	3	3	3	3	3
Fire response vehicles	10	11	11	12	12	12	11	11	11	11
Public works										
Streets (miles):										
Major streets	22.7	22.7	22.7	22.7	33.4	33.4	69.2	72.3	71.5	71.5
Local streets	89.7	91.8	91.8	91.8	97.2	100.9	100.9	99.1	105.8	106.8
Streetlights	2,278	2,348	2,466	2,487	2,508	2,515	2,605	2,611	2,676	2,762
Traffic signals	13	13	13	13	13	13	54	54	54	54
Parks and recreation:										
Acreage	25	25	25	25	65	65	65	65	65	102
Developed parks/ playgrounds	3	3	3	3	3	4	4	4	4	4
Developed fields (soccer, baseball, etc)	-	-	-	-	-	-	-	-	-	-
Libraries:										
Branches	2	2	2	2	2	2	2	2	2	2
Water:										
mains (miles)	81.3	85.6	88.6	91.5	98.3	99.5	101.9	105.0	109.0	110.0
Fire hydrants	839	902	942.0	960	980	1,005	1,005	1,110	1,265	1,280
Storage capacity (gallons)	250,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000
Sewer:										
Miles of sanitary sewers	153.6	154.9	157.2	158.3	159.0	159.8	161.4	164.0	166.0	166.2
Miles of storm sewers	14.9	14.9	14.9	15.0	15.0	15.0	15.0	15.0	20.0	21.0
Consumption (thousands of gallons)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	528,113	516,476	530,752

October 11, 2006

To the Honorable Mayor and City Council
City of Burton
4303 S. Center Road
Burton, MI 48519

Dear Council Members:

We recently completed our audit of the City of Burton's (the "City") financial statements for the year ended June 30, 2006. As a result of our audit, we have the following information to communicate to you.

In planning and performing our audit of the financial statements of the City of Burton for the year ended June 30, 2006, we considered the City's internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control. However, we noted the following matter involving the internal control and its operation that we consider to be a reportable condition under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control that, in our judgment, could adversely affect the City's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

Data Back-up Procedures

Currently, the City's procedures to secure back-up data is to store the information on-site in a non-fire proof storage unit. We highly recommend that, at a minimum, copies of data for each month end (including year-to-date information) be taken and stored off site. Other data that is kept on site should be retained in a fire-proof storage unit. These procedures will help prevent a catastrophic loss of all data due to fire or other events that could corrupt the data.

We have the following other comments and recommendations that we provide for your review and consideration.

Retiree Health Care Benefits

The Governmental Accounting Standards Board has recently released Statement Number 45, *Accounting and Reporting by Employers for Postemployment Benefits Other Than Pensions*. The new pronouncement provides guidance for local units of government in recognizing the cost of retiree health care, as well as any "other" postemployment benefits (other than pensions). The intent of the new rules

is to recognize the cost of providing retiree health care coverage over the working life of the employee, rather than at the time the health care premiums are paid. These new rules will apply to the government wide financial statements, rather than the individual fund level. Since the City has begun to fund benefits, the manner in which retiree health care benefits are budgeted may be required to change.

The new pronouncement will require a valuation of the obligation to provide retiree health care benefits, including an amortization of the past service cost over a period of up to 30 years. The valuation must include an annual recommended contribution (ARC). While the ARC does not need to be funded each year, any under funding must be reported as a liability on the government wide statement of net assets. This valuation will need to be performed by an actuary only if the total participants exceed 100. Participants are defined as employees in active service, terminated employees not yet receiving benefits, plus retirees and beneficiaries currently receiving benefits. Plans with fewer than 100 participants may either hire an actuary, or perform the calculation themselves (at least every three years).

This statement is effective for the fiscal year beginning July 1, 2009. Remember that planning to make the annual recommended contribution generally requires up to three to six months for an actuarial valuation plus six months lead time to work the numbers into the budget. Therefore, we recommend that you begin the actuarial valuation at least one year prior to the above dates. The GASB statement has provided substantial incentive to fund the obligation in accordance with the annual recommended contribution. In addition to the "interperiod equity" issue of paying for a service as you use it, the GASB has directed that lower rates of return be used for evaluating the annual recommended contribution in situations where the recommended contribution is not being funded. This will significantly increase the calculation of the following year's contribution. So - funding the contribution will actually reduce your long run cost.

Allowance for Doubtful Accounts and Collection Methods- General City Receivables

Certain types of revenues charged by the City are subject to the risk that any receivable will go uncollected. In the cases where the business or individual resides in the City, any uncollected amount is added as a lien to the tax roll. However, for those businesses that are not located in the City the amounts cannot be added to the tax roll and must be collected via other methods (usually follow up by City personnel). In reviewing the receivables list at June 30, 2006 there are a significant amount of receivables that could not be added to the tax roll that require follow up by City personnel for collection.

In addition, GAAP (generally accepted accounting principles) allows that only those receivables collected within 60 days after year end to be recorded as current year revenue. As a result, the City should be determining an allowance for uncollectible accounts as well as determining the amounts that are not paid within 60 days of year end and record an adjustment for financial reporting purposes.

We also recommend that the City review collection procedures for those businesses not located in the City and determine if there are other more effective arrangements that can be made at the time the service is requested.

State-shared Revenue

As you are aware, the ongoing budgetary challenges faced by the State of Michigan continue to negatively impact the City through its revenue-sharing payments. State-shared revenue accounted for approximately 37 percent of the City's General Fund revenue for the year ended June 30, 2006. These percentages have declined over the past several years, due to the State's economic troubles. The following chart depicts the City's actual and estimated revenue-sharing payments over a five year period - from the State's fiscal year ended September 30, 2002 through the estimated amounts for fiscal year ending September 30, 2007:

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Constitutional	\$ 1,986,786	\$ 2,020,422	\$ 1,998,477	\$ 2,046,169	\$ 2,081,004	\$ 2,138,582
Statutory	<u>1,111,872</u>	<u>988,711</u>	<u>705,990</u>	<u>628,819</u>	<u>564,220</u>	<u>506,642</u>
Total	<u>\$ 3,098,658</u>	<u>\$ 3,009,133</u>	<u>\$ 2,704,467</u>	<u>\$ 2,674,988</u>	<u>\$ 2,645,224</u>	<u>\$ 2,645,224</u>
Increase (decrease)		(89,525)	(304,666)	(29,479)	(29,764)	-
% change		-2.9%	-10.1%	-1.1%	-1.1%	0.0%

While the significant declines in this funding source experienced in recent years appear to have slowed, it is clear that the total amount of money distributed is unlikely to increase without significant changes to the State's revenue structure. This has clearly impacted the City's ability to finance operations and capital spending. As of now, there appears to be no long-term solution to the State's structural deficit in its General Fund, and as long as this condition exists, revenue sharing remains at risk and a return to past funding levels is not likely in the foreseeable future.

It is important to recognize that the authority for the statutory portion of revenue sharing terminates on September 30, 2007. This portion represents approximately 19 percent of the City's total state-shared revenue recorded in its General Fund. We have not heard any significant discussion in Lansing regarding the plans for renewal at this time, but it would be appropriate to begin discussions with your state representative regarding the importance of the revenue-sharing program. The long-run health of the state-shared revenue may well be dependent on the State's current project to reform its business tax structure. We continue to urge the City to be conservative in its estimation of state-shared revenues as this line item in the State's budget remains vulnerable. We will continue to update the City as developments occur.

Update on Business Tax Reform and its Impact on Local Government

On August 9, 2006, the Michigan Legislature approved a voters' legislative "initiative" to repeal the Michigan Single Business Tax ("SBT") for tax years beginning after December 31, 2007, two years earlier than it was originally slated to end. In addition to the repeal, the law requires the Michigan Department of Treasury to prorate the SBT to result in the equivalent of zero tax on business activity occurring after December 31, 2007. Previously, the SBT was scheduled to be repealed for tax years beginning after December 31, 2009.

Currently, there is no plan for replacement of this \$1.9 billion in lost revenue to the State. If no replacement revenue is identified, statutory revenue sharing may become a target to fill the hole in the State's budget. The Legislature has created a "Joint Committee on Economic Growth" charged with submitting to the Legislature by December 1 recommendations on a replacement tax for the Single Business Tax. Also, ending and replacing the State's personal property tax, a significant revenue source to many local governments, has been added to the Committee's agenda. These matters will receive considerable attention going forward and in 2007.

Cable Franchise Fees

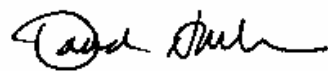
The State of Michigan has joined a number of other states considering statewide cable television franchising. There is a bill (HB 6456) that would create a state video service authorization system that would replace the current system of local franchising of cable television providers, and also would apply to new providers who would provide service through phone lines. Details are still being worked out in regard to "public access" and local origination channels, franchise fees due to local governments, service boundaries and other key provisions. Responding to pressure from local government, the Legislature has decided to wait until after the November elections to continue discussions regarding this bill.

We would like to thank all of the City's personnel for their assistance during the audit. We understand that the initial year with a new audit firm is additional work for all involved, and we appreciate the patience extended to us.

If there are any questions about your financial report or the above comments and recommendations, we would be happy to discuss them at your convenience.

Very truly yours,

Plante & Moran, PLLC

A handwritten signature in black ink, appearing to read "Tadd Harburn", written in a cursive style.

Tadd Harburn, CPA